

BUNGE

A NEW SEASON

 BUNGE

BUNGE
JOINS
THE WORLD'S
PREMIER
FINANCIAL
MARKETPLACE

**AFTER MORE THAN 180 YEARS OF PRIVATE OWNERSHIP WE OPENED
THAT ALLOWS US TO TAKE ADVANTAGE OF THE MANY GROWTH**



New York Stock Exchange, New York, NY, USA

**A NEW CENTURY AS A PUBLIC COMPANY, GAINING ACCESS TO CAPITAL
OPPORTUNITIES IN THE GLOBAL FOOD AND AGRIBUSINESS INDUSTRY**

FINANCIAL HIGHLIGHTS

	Year Ended December 31,		
<i>(US\$ in millions, except volumes, share data and employees)</i>	2001	2000	1999
SELECTED CONSOLIDATED STATEMENTS OF INCOME DATA			
Volumes (in millions of metric tons)	71.6	60.0	40.8
Net sales	\$ 11,484	\$ 9,667	\$ 8,075
Impairment and restructuring charges	14	49	—
Gross profit	963	683	612
Income from operations	527	296	280
Net income (loss)	134	12	(5)
EBITDA ⁽¹⁾	694	445	381
Adjusted EBITDA ⁽²⁾	656	393	341
Earnings (loss) per share: ⁽³⁾			
Basic	\$ 1.87	\$.19	\$ (.08)
Diluted	1.86	.19	(.08)
Weighted average number of ordinary shares outstanding:			
Basic	71,844,895	64,380,000	64,380,000
Diluted	72,004,754	64,380,000	64,380,000
SELECTED CONSOLIDATED BALANCE SHEET DATA			
Operating working capital ⁽⁴⁾	\$ 952	\$ 920	\$ 326
Readily marketable inventories ⁽⁵⁾	764	799	642
Property, plant and equipment, net	1,669	1,859	1,268
Total assets	5,443	5,854	4,611
Adjusted net financial debt ⁽⁶⁾	844	1,242	824
Minority interest in subsidiaries	493	543	183
Shareholders' equity	\$ 1,376	\$ 1,139	\$ 1,197
OTHER INFORMATION			
Common shares outstanding	83,155,100	64,380,000	64,380,000
Number of employees	17,360	18,098	14,860

⁽¹⁾ Earnings before interest, taxes, depreciation and amortization ("EBITDA") equals income from operations plus depreciation, depletion and amortization.

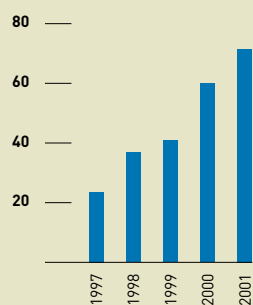
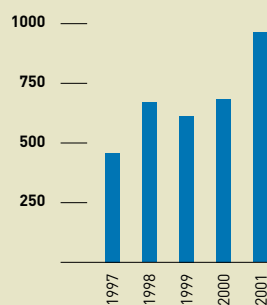
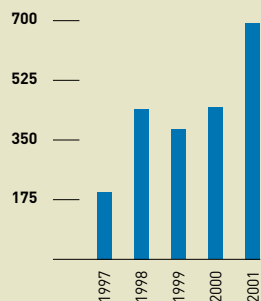
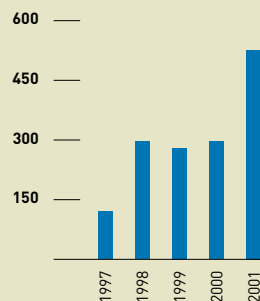
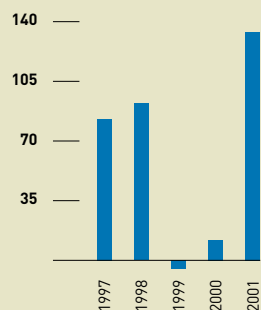
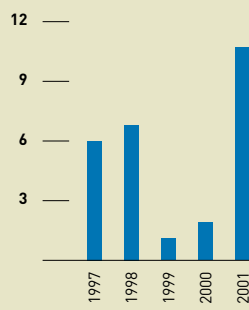
⁽²⁾ EBITDA less interest expense on debt financing readily marketable inventories.

⁽³⁾ Fiscal 2001 includes a gain on discontinued operations of \$.04 per share and cumulative effect of change in accounting principle gain of \$.10 per share. Fiscal 2000 and 1999 include a loss on discontinued operations of \$.15 and \$.31 per share, respectively.

⁽⁴⁾ Operating working capital equals current assets (excluding cash and cash equivalents, marketable securities and readily marketable inventories) less current liabilities (excluding short-term debt and current maturities of long-term debt).

⁽⁵⁾ Readily marketable inventories are agricultural commodities inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms.

⁽⁶⁾ Short-term debt, current maturities of long-term debt and long-term debt less cash and cash equivalents, marketable securities and readily marketable inventories.

**VOLUMES***Millions of metric tons***GROSS PROFIT***US\$ in millions***EBITDA***US\$ in millions***INCOME FROM OPERATIONS***US\$ in millions***NET INCOME***US\$ in millions***RETURN ON SHAREHOLDERS' EQUITY***Percent*

- **VOLUMES HAVE INCREASED AN AVERAGE OF 33% PER YEAR SINCE 1997**

- **EBITDA HAS INCREASED AN AVERAGE OF 45% PER YEAR SINCE 1997**

- **ADJUSTED NET FINANCIAL DEBT DECREASED BY \$398 MILLION IN 2001**

- **EARNINGS REACHED A RECORD OF \$1.87 PER SHARE IN 2001**

BUNGE ENTERS A NEW SEASON



ALBERTO WEISSER
Chairman and Chief Executive Officer

Dear Shareholders and Colleagues,

2001 was a particularly exciting year for our company. Despite weakness in the world economy, Bunge posted record results. Net income increased by \$122 million from the previous year, and earnings per share reached \$1.87. Driving these improvements were solid increases in operations: volumes grew 19%, gross profit increased 41% and income from operations rose 78%. Our strong performance resulted from improvements in virtually every business division. However, it was Bunge's core agribusiness operation that contributed most significantly to the company's success.

We achieved a significant milestone in our company's history when we successfully completed an initial public stock offering in August. By year-end, our share price increased 46%, and we paid our first regular quarterly dividend. We also enhanced our growth prospects when we agreed to acquire La Plata Cereal of Argentina. This acquisition solidified our No. 1 positions as the largest soy processor in the Americas and in Argentina, the world's low-cost soybean producer.

WE EXPECT OUR BUSINESSES TO DELIVER AVERAGE

But we do not rest. We expect our businesses to deliver average annual increases of 10-12% in earnings per share. This goal requires a focused strategy of organic expansion in our core businesses and additional, accretive acquisitions.

While operational and financial strategy is essential to Bunge's growth, we cannot achieve our objectives through business decisions alone. Creating a work environment that fosters teamwork, commitment and entrepreneurship is equally important. We strongly believe that managing Bunge as a decentralized organization reduces bureaucracy, gives managers the flexibility to move quickly to seize opportunities and promotes accountability. We will continue to run the company in this manner.

All of us at Bunge are grateful to those of you who have demonstrated your belief in us by investing in our company. We look forward to sharing an exciting future with you.

Sincerely,



Alberto Weisser

Chairman and Chief Executive Officer

April 10, 2002

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BUNGE VALUE THROUGH INTEGRATION

Integration across the food production chain allows us to take advantage of synergies among our divisions. By linking our businesses into a cohesive unit, we become an efficient, low-cost operator.

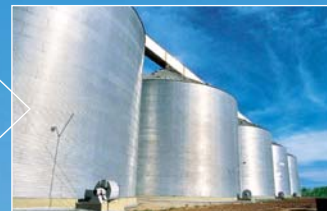
FERTILIZER

- Bunge is the only vertically-integrated fertilizer producer in Brazil, the world's fastest growing fertilizer market.
- We often extend credit to farmers in the form of fertilizer, and they repay us in crops, which guarantees our supply, strengthens relationships and reduces risk.
- After transporting fertilizer to inland elevators, we reduce freight costs by taking grain back to the ports in the same vehicles.

FERTILIZER/INPUTS



GRAIN ORIGATION/SILOS



SALES & MARKETING

AGRIBUSINESS

- We process the commodities that we originate in the Americas to produce animal feed, food products and vegetable oil.
- Bunge Global Markets sells commodities to the world's largest growth markets: the European Union, China and India.
- A balanced presence in the northern and southern hemispheres provides a year-round source of products for our customers' needs.

FOOD PRODUCTS

- Our food products division uses raw materials and processed products from our agribusiness division, which reduces our overall procurement and logistics costs.
- Food retailers and foodservice providers increasingly buy products directly from integrated processors. Low-cost production and distribution is our competitive advantage.

BASIC PROCESSING



FOODSERVICE & FOOD PROCESSING



RETAIL/CONSUMER



LOGISTICS & DISTRIBUTION



Porto de Paran gua, Paran , Brazil

THE
No.1
PROCESSOR
OF
SOYBEANS
IN THE
AMERICAS

THE UNITED STATES, BRAZIL AND ARGENTINA ARE THE MOST COMPETITIVE



Port Terminal 6, Santa Fé, Argentina

SOYBEAN PRODUCERS IN THE WORLD AND ACCOUNT FOR 83% OF WORLD PRODUCTION



BRAZIL IS THE FOURTH-LARGEST AND FASTEST

**THE
LARGEST
PRODUCER
AND SELLER OF
FERTILIZER
IN
SOUTH
AMERICA**

Campo Mourão, Paraná, Brazil

GROWING FERTILIZER MARKET IN THE WORLD

**THE
LEADING
PRODUCER
OF SOY-BASED
VEGETABLE
OILS
IN THE
AMERICAS**

SOY OIL IS THE WORLD'S MOST POPULAR VEGETABLE OIL AND



Ourinhos Plant, São Paulo, Brazil

ACCOUNTS FOR ALMOST 30% OF GLOBAL EDIBLE OIL CONSUMPTION



WE MANAGE A NETWORK OF STORAGE, PROCESSING AND TRANSPORTATION ASSETS

MORE THAN
400
FACILITIES ON
FOUR
CONTINENTS

Integrated Soybean Crusher/Refiner, Council Bluffs, Iowa, USA

THAT EFFICIENTLY DELIVER OUR PRODUCTS TO EVERY CORNER OF THE GLOBE



**BUNGE GLOBAL MARKETS — OUR MARKETING AND DISTRIBUTION
HAS ESTABLISHED BUNGE AS THE NO. 1 EXPORTER OF SOY**



**12%
ANNUAL
SALES
GROWTH TO
\$11
BILLION**

Shanghai, China

**OPERATION WITH 20 OFFICES IN 17 COUNTRIES —
PRODUCTS TO CHINA AND THE EUROPEAN UNION**

Logistics is the art of getting the right product to the right customer, in the right quantity, at the right time and at the right price.

Volumes and income from operations tripled over the last five years due to strong internal growth and strategic acquisitions that leverage our integration and logistics.

LOGISTICS

GROWTH

INTEGRATION

By linking Fertilizer, Agribusiness and Food Products, we lower costs, reduce risk and provide superior service to the client and the farmer.

INTEGRATION AND LOGISTICS: BUNGE'S COMPETITIVE ADVANTAGE

The agribusiness industry changed during the last decade, and a new operating model emerged from the industry's restructuring — the vertically-integrated enterprise. Bunge changed as well, and in the process emerged as an industry leader.

Integration is important in agribusiness because cost is paramount. By linking our operating businesses, we reduce freight costs, improve relationships with farmers, reduce credit risk and ensure access to agricultural raw materials. Examples of our integration include:

- We refine and sell vegetable oil using raw materials produced by our agribusiness operations.
- We use fertilizer that we mine and produce to buy soybeans from Brazilian growers.
- We market agricultural commodities directly to end users through Bunge Global Markets, which eliminates the middleman and captures incremental margin.

But integration only works if infrastructure is linked into a cohesive unit. This is the role of logistics.

Logistics is the art of getting the right product to the right customer, in the right quantity, at the right time and at the right price. It requires well-positioned assets, efficient transportation and economies of scale. For example,

- In the United States, our oilseed crushing plants are strategically located in primary soybean growing and poultry producing areas.
- In Brazil, we are the largest buyer and an efficient user of freight services. Truckers hired to transport soybeans from our inland storage facilities to the ports return with fertilizer for our farmer customers.
- In Argentina, we operate the most modern and efficient export terminals, which reinforces our position as the country's largest exporter of soy products.

We also use logistics to screen strategic investment opportunities to determine if an acquisition strengthens and leverages our assets. A well-integrated system capitalizes on logistics, lowering costs and increasing value to our shareholders.



Soybean Harvest, Mato Grosso, Brazil

BUNGE AGRIBUSINESS

Our Roots

Agribusiness is the core of Bunge's operations. Since our founding in The Netherlands in 1818, we have been a major player in the industry. In 2001, the agribusiness division accounted for almost two-thirds of our revenue.

At Bunge, agribusiness consists of three activities: grain origination, oilseed processing and international marketing. Our record profitability in 2001 was fueled by continued improvement in all three areas.

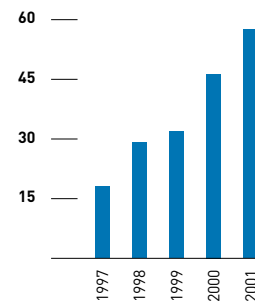
Grain Origination

Worldwide soybean demand is growing at a compound annual rate of 4.5%, and it is expected that population growth and rising incomes in the developing world will sustain this trend. Our leading presence in the major soybean producing and exporting regions ensures that we will capitalize on this rising demand.

The Americas produce 83% of the world's soybeans, and Bunge is the largest originator and exporter in the region.

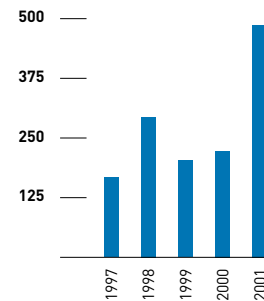
South America is emerging as the new global breadbasket, and Brazil's soybean output has increased more than 50% over the last 10 years. The country is now the second-largest and fastest growing soybean producer in the world. Bunge operates 176 grain storage facilities in Brazil's 14 agriculture producing states, and we handle nearly one-third of all Brazilian soybeans. Our presence in Argentina, the world's third-largest and most export-focused producer, is just as strong.

In North America, our leading market share on the southern Mississippi River solidifies our position as a major provider of soybeans and soy-related products to domestic and foreign users.



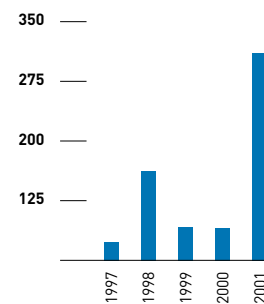
VOLUMES

Millions of metric tons



GROSS PROFIT

US\$ in millions



INCOME FROM OPERATIONS

US\$ in millions

BUNGE AGRIBUSINESS

OUR PRESENCE IN NORTH AND SOUTH AMERICA POSITIONS US AS A YEAR-ROUND SUPPLIER TO THE WORLD.

China is the world's largest soy importer, and we are the top supplier to this market. The country was recently admitted into the World Trade Organization (WTO), and membership should lower trade quota rates and eliminate restrictions that discourage imports. We plan to build on our existing relationships as this occurs.

Oilseed Processing

Oilseed processing involves crushing soybeans and other oilseeds. The resulting products include meal for animal feed, edible oils for human consumption and crude oil for industrial purposes. In 2001, income from operations and profitability grew significantly as margins improved due to increased capacity utilization.

Demand growth has increased as well due to the growing use of soybean meal as a substitute for meat and bone meal in animal feed. The United States Department of Agriculture (USDA) projects that Europe's ban on meat and bone meal in animal feed will increase demand for a vegetable alternative by 2.9 million tons annually, requiring 3.7 million tons of soy raw material.

Soybean meal is the primary feed ingredient in poultry and pork production, and worldwide demand for these meats is increasing. Brazil has emerged as a leading supplier and low-cost producer of poultry and pork because of rising soy and grain production in the country. Over the last five years,

Brazil's poultry and pork exports have grown an average of 17% and 31% per year, respectively.

International Marketing

In 1998, we created Bunge Global Markets, our international sales and marketing division, to link our agribusiness operations with our customers. Last year, our international marketing volumes increased by 97%, income from operations results grew more than six times and gross profit quadrupled.

With 20 offices in 17 countries, Bunge Global Markets strengthens customer relationships and allows us to capture incremental margin. The unit's success validates our integration strategy.

Growth Initiatives

We will grow our agribusiness operations through strategic acquisitions and internal organic growth. 2001 featured the following initiatives:

- We cemented our No. 1 position in Argentina by acquiring La Plata Cereal, a major soybean processor.
- We acquired a majority stake in Geepee Ceval, our oilseed processing joint venture in India.
- We announced our intention to build two new greenfield crushing facilities in Brazil's northeast and center-west regions to maintain our leading market share in the world's fastest growing agricultural area.

GRAINS AND OILSEEDS ARE BOUGHT AND SOLD AROUND THE GLOBE, BUT THE WORLD'S REFERENCE
PRICE IS SET ON THE CHICAGO BOARD OF TRADE, WHERE BUNGE HAS A MAJOR PRESENCE





Bunge Fertilizantes, Uberaba, Minas Gerais, Brazil

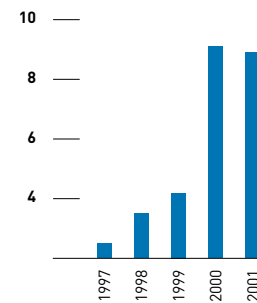
BUNGE FERTILIZERS

A Unique Position in a Unique Market

Fertilizer consumption in Brazil has doubled over the last 10 years, and we are No. 1 in the market. As the only vertically-integrated producer, we will benefit from the following trends:

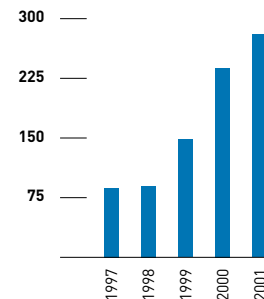
- Brazil is the world's fastest growing consumer of fertilizer and the fourth-biggest user overall.
- The country has a vast expanse of unused fertile grassland — equal to the total agricultural area in the United States — that is rapidly being converted for soybean production.
- Fertilizer consumption rates for Brazilian growers will increase since nutrient use per acre lags well behind rates in the United States.

DICALCIUM PHOSPHATE IS AN IMPORTANT COMPONENT IN ANIMAL FEED, AND WE ARE THE NO. 1 PRODUCER OF THIS KEY INGREDIENT IN BRAZIL, THE WORLD'S MOST COMPETITIVE EXPORTER OF POULTRY, PORK AND BEEF.



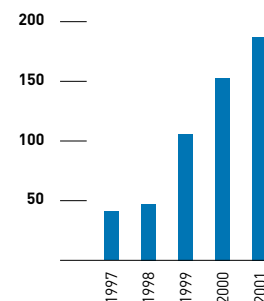
VOLUMES

Millions of metric tons



GROSS PROFIT

US\$ in millions



INCOME FROM OPERATIONS

US\$ in millions

BUNGE FERTILIZERS

**SOYBEAN CULTIVATION REQUIRES
LARGE AMOUNTS OF FERTILIZER. AS
BRAZILIAN AGRICULTURE CONTINUES
TO GROW, WE WILL BENEFIT FROM
OUR POSITION AS THE TOP SUPPLIER
OF SOIL NUTRIENTS.**

The Road to Number One

Six years ago, when the Brazilian fertilizer industry was fragmented, we saw an opportunity to gain economies of scale and capture value. We made seven acquisitions to build Bunge Fertilizantes, and today our market share is more than double that of our nearest competitor.

Our access to five phosphate mines gives us a cost advantage over our competitors, who have to import more raw material than we do. Consistent with our integration strategy, we are capitalizing on synergies with agribusiness:

- In 2001, we financed almost 10% of our Brazilian commodity purchases with fertilizer — double the rate in 2000 — deepening our relationship with growers and reducing risk and cash outlays.
- We are locating bulk fertilizer blending facilities close to soybean elevators to integrate soil input sales with grain origination, thereby improving operating efficiency for our customers and ourselves.
- Our Precision Agriculture program offers farmers access to Bunge scientists, who help with crop production and tailor specialized fertilizer programs.

At Bunge, fertilizer consists of two businesses: Nutrients and Retail.

Nutrients

Our nutrients business mines and processes phosphate ore and sells intermediate products to fertilizer mixers and animal feed producers. We source 80% of the phosphate used in our nutrient and retail fertilizers from our five mines.

In 2001, volumes of dicalcium phosphate, a key ingredient in animal feed, increased by 17%. Phosphate sales in Brazil have increased an average of 14% per year over the last five years, and we are the top supplier.

Sales of this critical animal feed ingredient are driven by the rapid growth of Brazil's poultry and pork exporting industry, the movement of Brazilian livestock to the country's central-western interior and the European Union's ban on bone meal as a source of calcium in animal feed.

Retail

We produce and sell mixed NPK* and liquid fertilizers to farmers, retailers and processing companies. Our branded products include Serrana, Manah, IAP and Ouro Verde, and our leading brands — Serrana and Manah — are the most recognized by Brazilian growers.

* Nitrogen, Phosphate and Potassium

**BRAZIL'S FERTILIZER CONSUMPTION GROWS 7% ANNUALLY, FUELED BY
INCREASING ACREAGE AND YIELDS**





Bakery, New York, NY, USA

BUNGE FOOD PRODUCTS

Adding Value and Margin

Our Food Products division extends our origination and processing businesses into high-margin, value-added opportunities in the industrial and retail food industry. Food Products at Bunge consists of four businesses: Edible Oils, Milling and Baking, Corn Dry Milling and Soy Ingredients.

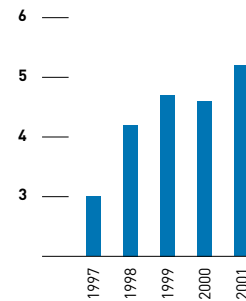
We hold leading positions in several Food Products markets:

- Premium edible oils in the United States
- Corn dry milling in the United States
- Packaged oil, margarine and shortenings in Brazil
- Wheat milling and bakery products in Brazil

Leadership in Edible Oils

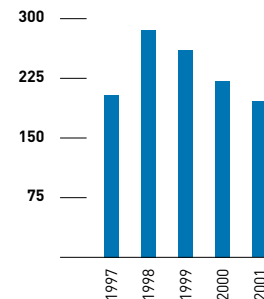
Bunge's leadership position in edible oils in both the United States and Brazil is the core strength of this division. Edible oil is a major ingredient in food preparation, and global consumption has increased for 25 consecutive years.

We also have considerable strength in two growth areas in the food industry: foodservice and private label. Consumption of food away-from-home is growing, spurred by the rise in dual-income and single-parent families, an aging population and higher discretionary income. In the United States, almost 50% of food expenditures are for food prepared away-from-home. In Brazil, the percentage is half that of the United States but is growing faster. Consolidation in the U.S. supermarket industry is increasing the growth in private label products, as food chains eliminate the middleman and capture greater margins.



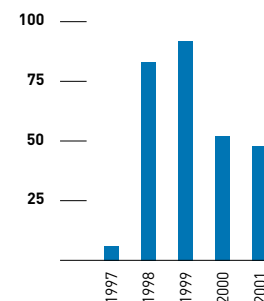
VOLUMES

Millions of metric tons



GROSS PROFIT

US\$ in millions



INCOME FROM OPERATIONS

US\$ in millions

BUNGE FOOD PRODUCTS

OUR CUSTOMERS ARE A BLUE CHIP LIST OF THE INDUSTRY'S BIGGEST NAMES: NESTLÉ, GROUPE DANONE, INTERSTATE BAKERIES, CARREFOUR, PÃO DE AÇÚCAR, BOMPREÇO, AU BON PAIN, SAFEWAY, SAM'S CLUB, FRITO-LAY, GENERAL MILLS, KELLOGG'S AND MANY OTHERS.

Soybeans and Nutraceuticals

Soy ingredients are another key growth engine. These are high value-added products derived from soybeans and produced using our proprietary technology. More than 80% of our soy ingredients production is sold to the meat industry. But the most attractive use for soy ingredients is nutraceuticals, products that enhance nutrition and health. Also known as isolated soy proteins (ISPs). We are one of only three major producers in the world.

ISPs are a major growth engine for us because of their variety of uses and high margins. People are increasingly aware of the role nutrition plays in disease prevention. In 1999, the United States Food and Drug Administration (FDA) allowed food producers to make health statements in their marketing of ISPs because of their positive effects on cardiac health. We have doubled our capacity in this business and will double it again over the next two years.

Research and Innovation

In 2001, we broke ground on the Oil Center for Excellence, a state-of-the art shortening and oil research facility in Bradley, IL. The Oil Center of Excellence is an example of how we are moving to create greater cooperation among our businesses and capitalize on the expertise within our company. The center will combine the scientific knowledge and skill base of our North and South American shortening and oil businesses and facilitate the development of products that add value to our customers in a variety of food and non-food industries.

MAYONNAISE IS ONE OF OUR MANY LEADING EDIBLE OIL PRODUCTS IN BRAZIL



BUNGE EXECUTIVE COMMITTEE



Standing left to right:

Sergio Waldrich, Ceval Alimentos; Vilmar Shürmann, Bunge Alimentos; Joao Fernando Kfour, Food Products; Andrew Burke, Soy Ingredients and New Business Development; Flávio Sá Carvalho, Chief Personnel Officer; Raul Padilla, Bunge Argentina; Julio Cardoso, Santista Alimentos

Sitting left to right:

Archie Gwathmey, Bunge Global Markets; Alberto Weisser, Chief Executive Officer; Mario Barbosa, Bunge Fertilizantes; Bill Wells, Chief Financial Officer; John Klein, Bunge North America

BUNGE CORPORATE CITIZENSHIP

As our business grows around the world, we also cultivate another kind of growth — the sustainable development of the communities in which we operate. Our foundations support educational, social, scientific and cultural activities in our key operating locations, the United States, Brazil and Argentina.

In the United States, the Bunge North America Foundation focuses its efforts on matching employee gifts to education and supporting the National Merit Scholarship Program. In Argentina, the Bunge y Born Fundación spearheads a broad spectrum of activities and programs to cultivate growth in local communities.

In Brazil, where we have our largest concentration of employees and assets, Fundação Bunge is one of the largest and most recognized corporate foundations. One of our proudest philanthropic initiatives is the Basic Education Incentive Prize. Created in 1996, the Incentive Prize is awarded annually in

conjunction with the Brazilian Ministry of Education. The objective is to improve teaching quality by giving public exposure to the work of primary school teachers. Every year, teaching projects and proposals throughout Brazil are evaluated by national and state commissions. Of these, 20 are awarded the Basic Education Incentive Prize. Last year, cash prizes were awarded by Brazilian President Fernando Henrique Cardoso and Education Minister Paulo Renato Souza, at a ceremony held at the Palácio do Planalto, in Brasília, the capital.



Wilma Silva Almeida, a recipient of the Basic Education Incentive Prize, is congratulated by (from left to right) Ruy Altenfelder, general superintendent, Fundação Bunge, Fernando Henrique Cardoso, president of Brazil, Paulo Renato Souza, education minister and Carlo Lovatelli, vice president, Fundação Bunge.



New York Stock Exchange, New York, NY, USA

FINANCIAL PERFORMANCE

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INTRODUCTION

We are an integrated, global agribusiness and food company. We conduct our operations in three divisions: agribusiness, fertilizers and food products. In each of our business divisions, operating performance is affected by the following key factors.

Agribusiness In the agribusiness division, we purchase, store, process, transport, merchandise and finance agricultural commodities, principally soybeans, soybean meal and soybean oil, which we collectively refer to as soy commodity products. In our grain origination, oilseed processing and international marketing operations, soy commodity products represent 60%, 100% and 76%, respectively, of our total sales volumes for these business lines. In this division, profitability is principally affected by the price of soy commodity products, the volatility of the prices for these products and the relationship among those prices. Prices, in turn, are affected by the perceived and actual availability of, and demand for, soy commodity products. Availability is affected by weather conditions in North America, Brazil and Argentina, governmental trade policies and growing patterns, including substitution by farmers of other agricultural commodities for soybeans. Demand is affected by growth in worldwide consumption of food products and the price of substitute agricultural products. In addition, the high capital costs and time required to construct oilseed processing facilities may cause imbalances between industry-wide levels of oilseed processing capacity and demand for soy commodity products. The relationship among the prices for the various soy commodity products may be affected by these imbalances. The effect of these factors on soybean, soybean meal and soybean oil prices will affect our decisions regarding whether and when to purchase, store, process, transport or merchandise these commodities.

Because agricultural commodity prices are often volatile, we believe net sales are not a reliable indicator of performance in the agribusiness division. Gross profit is a key measure we use to evaluate the success of this division. Gross profit reflects the net margin we earn on the difference between the purchase and sales prices of agricultural commodities, less the costs of storing, processing and transporting those agricultural commodities based upon the volumes we transact.

Fertilizer In the fertilizer division, demand for our products is affected by the profitability of the Brazilian agricultural sector,

agricultural commodity prices, the types of crops planted, the number of acres planted and weather-related issues affecting the success of the harvest. The continued development of the Brazilian agricultural sector has had, and we expect will continue to have, a positive impact on demand for our fertilizer products. Our cost of goods sold in the fertilizer business principally consists of the cost of our primary raw materials, which are nitrogen, phosphate and potassium.

Food products In the food products division, our net sales are affected by competition, changes in eating habits, Brazilian currency fluctuations and changes in general economic conditions in our principal markets, the United States and Brazil. During an economic downturn, such as the one experienced in Brazil after the 1999 devaluation of the *real*, consumers tend to purchase less expensive food products in lieu of premium brands, thus negatively impacting our net sales and gross profit. Competition in this industry has intensified in the past several years due to consolidation in the supermarket industry and competitors' attempts to regain market share. Profitability in this division is also affected by the mix of products that we sell. The cost of goods sold in our food products division is principally affected by fluctuations in agricultural commodity prices.

Significant changes we made during the periods under discussion that have had, or will have, an impact on our operating results include:

Brazilian acquisitions and restructurings In 2000, we consolidated our leading position in the Brazilian fertilizer industry by acquiring a controlling interest in Manah, a Brazilian fertilizer company, for \$47 million in cash, net of cash acquired of \$36 million. As a result of the acquisition of Manah, we also acquired a controlling interest in Fosfertil, which is involved in phosphate mining and production of intermediate fertilizer products. We accounted for the acquisition of Manah and Fosfertil under the purchase accounting method. Manah's and Fosfertil's results are included in our results of operations beginning in April 2000.

During the past four years, we increased our ownership in several of our Brazilian subsidiaries through share exchanges with the minority shareholders of those entities. We also merged several of our Brazilian subsidiaries to reduce costs and expenses, rationalize our facilities and reduce our turnover

tax liability in Brazil, which is based on sales between legal entities, including legal entities under common control.

Specifically, in 2001, we initiated a corporate restructuring of three of our Brazilian subsidiaries. The restructuring required the approval of the Brazilian securities commission, which was obtained in January 2002. The restructuring involved the exchange of all of the shares of Bunge Fertilizantes S.A. and Bunge Alimentos S.A. for shares of Serrana S.A., which was renamed Bunge Brasil S.A. Pursuant to Brazilian securities laws, the three restructured subsidiaries offered withdrawal rights to their shareholders. These withdrawal rights required our subsidiaries to buy back and cancel shares from minority shareholders at a total cost of \$105 million. After the withdrawal rights expired on February 18, 2002, we delisted Bunge Fertilizantes and Bunge Alimentos, thereby reducing the number of our publicly-traded subsidiaries in Brazil from four to two: Bunge Brasil and Fosfertil. We will account for the restructuring as an acquisition of minority interest in the first quarter of 2002.

Argentine acquisition In March 2002, we acquired La Plata Cereal S.A., an Argentine agribusiness company, for approximately \$45 million in cash and assumed debt. See "Liquidity and Capital Resources."

Potential acquisitions We are pursuing a number of potential acquisition opportunities, including reviewing the acquisition of Cereol S.A., which would be individually material to us. Cereol is a key player in the oilseed processing industry with an international presence in North America, the European Union and Central and Eastern Europe. Cereol is a publicly-traded company in France. Discussions with respect to all of these opportunities are in preliminary stages and on a non-exclusive basis. In the case of Cereol, we understand that there are other potential acquirors. We cannot assure you that we will complete any of these transactions. If any of these acquisitions were to occur, its financing could involve internally generated funds, borrowings, the issuance of equity or a combination thereof.

Impairment and restructuring charges During 2001, we finalized plans to close older, less efficient plants in our edible oil products segment, which are being replaced with newer and lower cost facilities. As a result, we recorded non-cash write downs on property, plant and equipment of \$14 million. In 2000,

we conducted restructuring initiatives, primarily in response to a downturn in profitability in the global agricultural commodities industry which had begun in 1998. See "Industry Economic Conditions and Cyclicity" below for a description of the causes of this downturn. Our restructuring program was primarily focused on reducing overcapacity in our oilseed processing business. During 2000, we closed three oilseed processing plants in Brazil and one plant in the United States. We also wrote down some assets in our edible oil products and corn products businesses that had become obsolete due to advances in technology in some of our product lines, such as our shift from cans to clear plastic containers for bottled oils. As a result, we recorded impairment and restructuring charges of \$49 million in 2000, which consisted of a \$44 million non-cash write-down of property, plant and equipment and goodwill, as well as \$5 million in employee termination costs.

Financing initiatives Prior to 2000, we obtained most of our financing on a decentralized basis at subsidiary levels. Since then, we have taken steps to coordinate our financing activities at the parent company level. These steps included the establishment of a commercial paper program that, as increased in 2001, allowed for borrowings up to \$750 million, the issuance of \$170 million of redeemable preferred stock and \$125 million of fixed rate trust certificates. We used the proceeds from these financings to refinance the indebtedness of our Brazilian subsidiaries, which lowered our foreign currency exposure and interest costs. In the third quarter of 2001, we sold 18,775,100 common shares, or approximately 23% of our outstanding common shares, in an initial public offering, which resulted in net proceeds of \$278 million after underwriting discounts, commissions and expenses. We used the net proceeds of our initial public offering to reduce indebtedness under our commercial paper program. These initiatives had a positive effect on our results from operations in 2001 and we expect them to continue to do so. In the first quarter of 2002, we increased our commercial paper facility to \$930 million, and we finalized a \$420 million three-year revolving credit facility and a \$67 million two-year revolving credit facility. In addition, we sold 16,093,633 common shares, or approximately 16% of our outstanding shares, in a public offering in March 2002, which resulted in net proceeds of approximately \$292 million after underwriting discounts, commissions and expenses.

We used \$105 million of the net proceeds to buy back shares held by minority shareholders as required by Brazilian law in connection with the corporate restructuring of our Brazilian subsidiaries. We used the remainder of the proceeds to reduce indebtedness under our commercial paper program. See "Liquidity and Capital Resources" and "Quantitative and Qualitative Disclosures About Market Risk."

Off-balance sheet financings Other than sale-leaseback transactions, we do not have any off-balance sheet financings. Our sale-leaseback transactions are included as non-cancelable operating leases in Note 20 to our consolidated financial statements. We have no majority-owned subsidiaries that are not included in our financial statements, nor do we have any interests in or relationships with any special purpose entities that are not reflected in our financial statements.

INDUSTRY ECONOMIC CONDITIONS AND CYCLICALITY

Demand for agricultural commodities has continued to increase due to growth in world population despite the occurrence of regional economic downturns. However, beginning in the latter half of 1998, gross profit margins in our oilseed processing business declined significantly due to excessive industry-wide processing capacity. The effects of these adverse industry conditions on our business were exacerbated by increases in consumption of non-soy oils, particularly palm and rapeseed, and by China's shift to oilseed purchases in lieu of meal and oil.

During 2000, we and other global oilseed processors responded to these events by closing older, less efficient facilities in Brazil and the United States. This resulted in a reduction in industry overcapacity in Brazil and the United States. Since then, the closing of less efficient oil processing plants and renewed growth in developing countries has contributed to an improved balance in the industry between demand and processing capacity, contributing to a recovery in profitability. In addition, we expect the European ban on the use of meat and bone meal in animal feed and improvements in Asian economies to increase long-term demand for soybean meal. These factors improved our oilseed processing gross profit margins beginning in the fourth quarter of 2000.

EFFECTS OF CURRENCY FLUCTUATIONS ON OUR BUSINESS

Over 80% of our net sales, comprised of our agribusiness division and our U.S.-based food products division net sales, are invoiced in U.S. dollars or linked to dollar prices. In addition, the value of our agricultural commodities inventories is linked to dollar prices. Furthermore, the Brazilian fertilizer industry, due to its relationship to the agricultural sector, which derives its profitability from dollar-based international commodity prices, has historically been able to adjust its sales prices in response to the effects of exchange rate fluctuations on imported raw material costs. However, our food products division's net sales in Brazil, which comprised approximately 9% of our total net sales in 2001, were denominated in Brazilian *reals*.

Brazil In early 1999, the Brazilian government allowed the *real* to float freely, resulting in a 32% devaluation against the U.S. dollar in 1999. This change in monetary policy continued to cause volatility in exchange rates, and in 2000 and 2001, the *real* declined an additional 9% and 16%, respectively, against the U.S. dollar. These and prior devaluations have had a negative effect on our *real*-denominated revenues. A devaluation of the *real* affects our consolidated financial statements by:

- reducing our *real*-denominated net sales as a result of the translation of those amounts into U.S. dollars for consolidation purposes at weakening exchange rates;
- reducing our *real*-denominated selling, general and administrative and depreciation, depletion and amortization expenses, as well as other *real*-denominated operating costs as a result of the translation of those amounts for consolidation purposes into U.S. dollars at weakening exchange rates;
- generating foreign exchange transaction gains or losses on U.S. dollar-denominated monetary assets and liabilities of our Brazilian subsidiaries, which are reflected in our consolidated statements of income;
- generating economic gains based on changes in market value of our readily marketable agricultural inventories, which are linked to U.S. dollar prices;
- increasing our foreign currency hedging costs due to higher risk premiums, which increases are reflected in our consolidated statements of income; and

- generating foreign currency translation losses on the net assets of our Brazilian subsidiaries, which are reflected in other comprehensive income (loss).

Argentina During the second half of December 2001, the Argentine government suspended foreign currency trading. In January 2002, the government abandoned the fixed *peso*-dollar exchange rate and created a dual exchange rate system, with a fixed exchange rate of 1.40 *pesos* to the U.S. dollar reserved mainly for trade and government related operations, including our exports and trade-related loans, and a free market rate for all other transactions. The *peso* free market opened on January 11, 2002. The exchange rate at which significant trades began was approximately 1.65 *pesos* to the U.S. dollar. Thereafter, the exchange rate fluctuated between 1.60 and 2.07 *pesos* to the U.S. dollar until February 3, 2002, when the Argentine government abandoned the dual exchange rate system and imposed additional foreign currency limitations. Between February 11, 2002, when the Argentine markets reopened, and March 27, 2002, the exchange rate fluctuated between 1.92 and 3.40 *pesos* to the U.S. dollar.

A devaluation of the *peso* affects our consolidated financial statements by:

- reducing our *peso*-denominated selling, general and administrative and depreciation expenses, as well as other *peso*-denominated operating costs as a result of the translation of those amounts for consolidation purposes into U.S. dollars at weakening exchange rates;
- generating foreign exchange transactions gains or losses on U.S. dollar-denominated monetary assets and liabilities of our Argentine subsidiaries, which are reflected in our consolidated statements of income;
- generating economic gains based on changes in market value of our readily marketable agricultural inventories, which are linked to U.S. dollar prices; and
- generating foreign currency translation losses on the net assets of our Argentine subsidiaries, which are reflected in other comprehensive income (loss).

As a result of the Argentine economic crisis, in December 2001, we recorded a \$20 million provision against recoverable taxes from the Argentine government. However, the effect of the

Argentine devaluation on our net income for the year ended December 31, 2001 was minimal. Included in other comprehensive income (loss) for the year ended December 31, 2001 was a foreign exchange translation loss of \$71 million representing the translation of our Argentine assets and liabilities under these dual exchange rates, using the most appropriate rate for each individual asset and liability.

Foreign Currency Exposure During 2000, we initiated measures to reduce our exposure to foreign currency fluctuations in Brazil and Argentina, particularly their effects on our results of operations. These measures included replacing the third party U.S. dollar-denominated debt of our Argentine and Brazilian subsidiaries with permanently invested intercompany loans. These loans do not require cash payment of principal and are treated analogous to equity for accounting purposes. Therefore, the foreign exchange gains or losses on these intercompany loans are recorded in other comprehensive income (loss) in contrast to foreign exchange gains or losses on third party debt, which are recorded in non-operating income (expense) — net in our consolidated statements of income.

DERIVATIVES

We enter into agricultural commodity derivative contracts, including agricultural commodity exchange-traded futures and options, to hedge our inventories, purchase and sale contracts and production requirements. We also enter into derivative financial instruments, including foreign currency swaps and purchased call options, to limit exposure to changes in foreign currency exchange rates with respect to our foreign currency denominated assets and liabilities. We only enter into derivatives that are related to our inherent business and financial exposure as a global agribusiness company. We do not enter into derivative contracts to obtain financing.

SEASONALITY

In our agribusiness division, we do not experience material seasonal fluctuations in volume since we are widely diversified in the global agribusiness market. The worldwide need for food is not seasonal and increases together with growing populations. The geographic balance of our grain origination assets in North and South America also assures us a more consistent supply

of agricultural commodities throughout the year. However, there is a degree of seasonality in our gross profit, as our higher margin oilseed processing operations experience higher volumes in the second, third and fourth quarters due to the timing of the soybean harvests. In addition, price and margin variations and increased availability of agricultural commodities at harvest times often cause fluctuations in our inventories and short-term borrowings.

In our fertilizer division, we are subject to consistent seasonal trends based on the agricultural growing cycle in Brazil. As a result, fertilizer sales are significantly higher in the third and fourth quarters of our fiscal year.

In our food products division, there are no significant seasonal effects on our business.

INCOME TAXES

As a Bermuda exempted company, we are not subject to income taxes in our jurisdiction of incorporation. However, our subsidiaries, which operate in several tax jurisdictions, principally the United States and Brazil, are subject to income taxes at various statutory rates.

Our U.S. export sales of agricultural commodities and certain food products have been subject to favorable U.S. tax treatment, thus lowering our overall tax liabilities and thereby reducing our income tax expense by \$10 million in 2001. However, this favorable tax treatment was successfully challenged by the European Union before the World Trade Organization in 2001. This unfavorable ruling by the WTO could prompt the U.S. Congress to change or eliminate this favorable tax treatment on our U.S. agricultural commodities export sales.

In Brazil, our operations have generated a significant amount of net operating losses, a large portion of which are attributable to the devaluation of the Brazilian *real* in 1999. However, we are required to reduce portions of these net operating losses through valuation allowances based on our assessment of the likelihood of their realization. As of December 31, 2001, we had deferred tax assets related to net operating losses of \$175 million, upon which we have a \$64 million valuation allowance. The use of these net operating losses net of the valuation allowances will reduce our future tax liabilities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparation of our financial statements requires us to make estimates and judgments that affect the amounts of our assets, liabilities, revenues and expenses. We continually evaluate these estimates, including those related to allowances for doubtful accounts, inventories, allowances for recoverable taxes, restructuring of our operations, useful lives of property, plant and equipment, goodwill, contingent liabilities, income tax valuation allowances, pension plans and the fair value of financial instruments. We base our estimates on historical experience and other assumptions, which we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of our assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions. We have identified below the accounting policies that are critical to our financial statements.

Inventories In our agribusiness segment, we account for our inventories at estimated net realizable market value. These inventories are agricultural commodities that are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant costs of disposal. We derive our estimates from exchange quoted prices, adjusted for differences in local markets. Changes in the market values of these inventories are recognized in earnings as a component of cost of goods sold. If we were to use different methods to estimate fair value, amounts reported as inventories and cost of goods sold could differ.

Accounting for derivative instruments and hedging activities We minimize the effects of changes in prices of agricultural commodities on our agribusiness inventories and agricultural commodities forward cash purchase and sales contracts by using exchange-traded futures and options contracts to minimize our net positions in these inventories and contracts. We account for these exchange-traded futures and option contracts and forward purchase and sales contracts at quoted market prices, which are based on exchange quoted prices, adjusted for differences in local markets. Changes in the market value of all of these contracts are recognized in earnings as a component of cost of goods sold. If we were to use different methods to estimate market value, amounts reported as cost of goods sold could differ.

We hedge portions of the soy commodities products used in and produced by our oilseed processing business. To do this, we use exchange-traded futures contracts that are designated as cash flow hedges. The changes in the market value of these futures contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in price movements of the hedged item. Gains or losses arising from hedging transactions are deferred in other comprehensive income (loss), net of applicable taxes, and are recognized in cost of goods sold when the products associated with the hedged item are sold. If we determine that the instruments used are no longer effective at offsetting changes in the price changes of the hedged item, we would reflect the changes in the market value of these futures contracts in earnings as a component of cost of goods sold.

Translation of foreign currency financial statements and foreign currency transactions Our reporting currency is the U.S. dollar. However, the functional currency of the majority of our foreign subsidiaries is their local currency. We translate the amounts included in the consolidated statements of income of our foreign subsidiaries into U.S. dollars on a monthly basis at weighted average exchange rates, which we believe are representative of the actual exchange rates on the dates of the transactions. Our foreign subsidiaries' assets and liabilities are translated into U.S. dollars from local currency at year-end exchange rates, and we record the resulting foreign exchange translation adjustments in our consolidated balance sheets as a component of accumulated other comprehensive income (loss).

In determining the functional currency for our foreign subsidiaries, we make judgments based on the collective economic indicators affecting those subsidiaries. The economic indicators we review include the currency in which cash flows are denominated, how sales prices are determined, the sales markets in which the subsidiaries operate, where their operating costs are generated, how they obtain financing and the level of intercompany transactions with us. A significant change in these economic indicators would require us to reassess the functional currency of our foreign subsidiaries.

If we determine that the functional currency of any of our foreign subsidiaries should be the U.S. dollar, our financial statements would be affected. We would:

- translate depreciation, depletion and amortization expenses at the historical exchange rates on the dates that the assets were placed in service;
- generate foreign exchange transaction gains or losses on foreign currency denominated monetary assets and liabilities;
- record non-monetary items, such as readily marketable inventories, prepaid expenses and fixed assets, at the exchange rate on the dates that the transactions were consummated; and
- eliminate the foreign exchange translation adjustment.

We use permanently invested intercompany loans as a source of capital to reduce the exposure to foreign currency fluctuations in our foreign subsidiaries. These loans are treated as analogous to equity for accounting purposes. Therefore, the foreign exchange gains or losses on these intercompany loans are recorded in other comprehensive income (loss). If we were to determine that the functional currency of any of our subsidiaries should be the U.S. dollar, we would no longer record foreign exchange gains or losses on these intercompany loans.

Contingencies We are party to a large number of claims and lawsuits, primarily tax and labor claims in Brazil, arising in the normal course of business. Although we cannot precisely predict the amount of any liability that may ultimately arise with respect to any of these matters, we record provisions when we consider the liability probable and reasonably estimable. The provisions are based on historical experience and legal advice, are reviewed quarterly and are adjusted according to developments. Changes in the amount of the provisions affect our consolidated statements of income.

Income taxes We record valuation allowances to reduce our deferred tax assets to the amount that we are likely to realize. We consider future taxable income and prudent tax planning strategies to assess the need for and the size of the valuation allowances. If we determine that we can realize a deferred tax asset in excess of our net recorded amount, we adjust the deferred tax asset, thereby increasing income. Conversely, if we determine that we are unable to realize all or part of our net deferred tax asset, we adjust the deferred tax asset, thereby decreasing income.

RESULTS OF OPERATIONS

A summary of certain items in our consolidated statements of income and volumes by reportable segment for the periods indicated follows.

	Year Ended December 31,		
<i>(US\$ in millions, except volumes)</i>	2001	2000	1999
Net sales			
Agribusiness	\$ 8,412	\$ 6,327	\$ 5,517
Fertilizer	1,316	1,466	605
Edible oil products	922	1,019	1,109
Wheat milling and bakery products	530	527	579
Other	304	328	265
Total	\$ 11,484	\$ 9,667	\$ 8,075
Cost of goods sold			
Agribusiness	\$ 7,925	\$ 6,065	\$ 5,314
Fertilizer	1,036	1,228	457
Edible oil products	817	871	970
Wheat milling and bakery products	471	476	494
Other	258	295	228
Impairment and restructuring charges	14	49	—
Total	\$ 10,521	\$ 8,984	\$ 7,463
Gross profit			
Agribusiness	\$ 487	\$ 223	\$ 203
Fertilizer	280	238	148
Edible oil products	91	143	139
Wheat milling and bakery products	59	51	85
Other	46	28	37
Total	\$ 963	\$ 683	\$ 612
Selling, general and administrative expenses			
Agribusiness	\$ 176	\$ 132	\$ 111
Fertilizer	93	85	42
Edible oil products	84	109	98
Wheat milling and bakery products	47	41	61
Other	17	20	10
Unallocated	19	—	10
Total	\$ 436	\$ 387	\$ 332

	Year Ended December 31,		
(US\$ in millions, except volumes)	2001	2000	1999
Income from operations			
Agribusiness	\$ 311	\$ 91	\$ 92
Fertilizer	187	153	106
Edible oil products	7	34	41
Wheat milling and bakery products	12	10	24
Other	29	8	27
Unallocated	(19)	—	(10)
Total	\$ 527	\$ 296	\$ 280
Net income (loss)	\$ 134	\$ 12	\$ (5)
Volumes (in millions of metric tons)			
Agribusiness	57.5	46.3	31.9
Fertilizer	8.9	9.1	4.2
Edible oil products	1.6	1.6	1.6
Wheat milling and bakery products	2.1	1.9	2.0
Other	1.5	1.1	1.1
Total	71.6	60.0	40.8

Year Ended December 31, 2001 Compared to Year Ended December 30, 2000

Net sales Net sales increased by 19% to \$11,484 million in 2001 from \$9,667 million in 2000.

Net sales in our agribusiness segment increased by 33% to \$8,412 million in 2001 from \$6,327 million in 2000. Agribusiness segment net sales increased due to higher sales volumes and higher average selling prices for our soy commodity products. The increase in sales volumes was due to growth in our international marketing operations. Average selling prices increased primarily due to the strong global demand for soy commodity products.

Net sales in our fertilizer segment decreased by 10% to \$1,316 million in 2001 from \$1,466 million in 2000. Fertilizer segment net sales decreased due to a decline in average selling prices as well as a slight decrease in volumes. Average selling prices decreased due to a decline in imported raw material costs, which affected market prices. Lower retail sales volumes were almost entirely offset by volume increases due to a full twelve months of activity in 2001 from the April 2000 acquisitions of Manah and Fosfertil and increases in animal nutrient sales

volumes as a result of the strong export market for Brazilian meat. Retail sales volumes were lower because sales in 2000 were unusually strong as farmers purchased ahead of normal seasonal patterns.

Net sales in our edible oil products segment decreased by 10% to \$922 million in 2001 from \$1,019 million in 2000. This decrease in net sales was primarily due to lower average selling prices of our edible oil products in 2001 as a result of competitive pressures in the U.S. refined oil markets and the adverse effects of the Brazilian *real* devaluation.

Net sales in our wheat milling and bakery products segment increased by 1% to \$530 million in 2001 from \$527 million in 2000. This increase was primarily attributable to higher sales volumes and a recovery of wheat milling product prices, which were almost entirely offset by lower average selling prices of bakery products and the adverse effects of the Brazilian *real* devaluation.

Net sales in our other segment decreased by 7% to \$304 million in 2001 from \$328 million in 2000. Increased net sales in our soy ingredients business were more than offset by a decline in net sales in our corn products business. Net sales in our soy

ingredients business increased due to higher sales volumes, partially offset by lower average selling prices. Net sales in our corn products business decreased primarily due to lower sales volumes as a result of a labor strike at our Danville, Illinois, facility, which was settled in August 2001.

Cost of goods sold Cost of goods sold increased by 17% to \$10,521 million in 2001 from \$8,984 million in 2000. Included in cost of goods sold were depreciation and depletion expenses of \$160 million in 2001 and \$141 million in 2000.

Cost of goods sold in our agribusiness segment increased by 31% to \$7,925 million in 2001 from \$6,065 million in 2000. The increase was due to higher sales volumes in our international marketing business, higher average soy commodity product prices and higher energy costs in the United States.

Cost of goods sold in our fertilizer segment decreased by 16% to \$1,036 million in 2001 from \$1,228 million in 2000. This decrease was primarily due to a change in product mix to lower cost goods and a decline in the price of imported raw materials.

Cost of goods sold in our edible oil products segment decreased by 6% to \$817 million in 2001 from \$871 million in 2000. This decline was primarily due to the *real* devaluation and lower raw material costs, partially offset by higher energy costs in the United States.

Cost of goods sold in our wheat milling and bakery products segment decreased by 1% to \$471 million in 2001 from \$476 million in 2000. The decrease, primarily due to the *real* devaluation, was almost entirely offset by higher wheat costs.

Cost of goods sold in our other segment decreased by 13% to \$258 million in 2001 from \$295 million in 2000. This decline was primarily due to lower sales volumes in our corn products business as a result of a labor strike at our Danville, Illinois, facility.

Gross profit Gross profit increased 41% to \$963 million in 2001 from \$683 million in 2000.

Gross profit in our agribusiness segment increased by 118% to \$487 million in 2001 from \$223 million in 2000. The increase was due to improved profitability in all three of our business lines. Higher gross profit margins resulted from strong global demand for soy commodity products, the positive impact of the industry-wide reductions in soybean processing capacity,

increases in sales of corn and wheat, and the 16% devaluation of the Brazilian *real* compared to the U.S. dollar. In 2001, agribusiness gross profit included a \$20 million non-cash charge for collectibility of Argentine tax receivables, reflecting that country's economic difficulties. In 2000, gross profit included \$39 million of impairment and restructuring charges.

Gross profit in our fertilizer segment increased 18% to \$280 million in 2001 from \$238 million in 2000. This increase was primarily due to lower cost of goods sold caused by a decline in imported raw material costs and a full twelve months of activity in 2001 from the April 2000 acquisitions of Manah and Fosfertil.

Gross profit in our edible oil products segment decreased 36% to \$91 million in 2001 from \$143 million in 2000. This decrease was primarily due to a decline in average selling prices attributable to competitive pressures in the U.S. refined oil markets and the adverse effects of the *real* devaluation. Impairment and restructuring charges included in edible oil products gross profit were \$14 million in 2001 and \$5 million in 2000.

Gross profit in our wheat milling and bakery products segment increased 16% to \$59 million in 2001 from \$51 million in 2000. The increase was due to higher sales volumes and the recovery in wheat milling product prices in Brazil.

Gross profit in our other segment increased 64% to \$46 million in 2001 from \$28 million in 2000. The increase was primarily due to higher sales volumes in our soy ingredients business and lower operating expenses in our corn products business because of a labor strike at our Danville, Illinois, facility.

Selling, general and administrative expenses Selling, general and administrative expenses, or SG&A, increased 13% to \$436 million in 2001 from \$387 million in 2000. SG&A increased by \$44 million in our agribusiness segment principally due to the growth in our international marketing operations. SG&A expenses increased in our fertilizer segment primarily due to a full twelve months of activity from Manah and Fosfertil in 2001. SG&A expenses increased in our wheat milling and bakery segment primarily due to higher sales volumes. SG&A decreased in our edible oil products and other segments primarily due to the effects of the *real* devaluation and our cost reduction programs.

Income from operations Income from operations increased by 78% to \$527 million in 2001 from \$296 million in 2000.

The increase was primarily due to higher gross profit in our agribusiness, fertilizer, wheat milling and bakery products and other segments. Income from operations increased in our agribusiness segment primarily due to higher gross profit margins resulting from strong global demand for soy commodity products. Income from operations in our fertilizer segment increased primarily due to the acquisitions of Manah and Fosfertil. Income from operations in our edible oil products segment decreased due to competitive pressures in the U.S. refined oil markets. Income from operations in our wheat milling and bakery products segment increased due to the recovery in wheat milling product prices. Income from operations in our other segment increased due to higher sales volumes in our soy ingredient business and lower cost of goods sold due to a labor strike at our Danville, Illinois, facility.

Non-operating items A summary of significant non-operating items for the periods indicated follows.

	Year Ended December 31,	
(US\$ in millions)	2001	2000
Interest income	\$ 114	\$ 138
Interest expense	(187)	(202)
Interest expense on debt financing		
readily marketable inventories	(38)	(52)
Foreign exchange	(148)	(116)
Other income	(4)	7
Total	\$ (263)	\$ (225)

Interest income decreased by \$24 million, or 17%, from 2000 primarily due to lower levels of invested cash and marketable securities. Interest expense decreased by \$15 million, or 7%, from 2000 because of lower levels of long-term debt and lower average interest rates in 2001. Interest expense on debt financing readily marketable inventories decreased by \$14 million, or 27%, from 2000 due to lower average short-term interest rates in 2001 compared to 2000.

Foreign exchange losses increased by \$32 million to \$148 million, or 27%, from \$116 million in 2000. This increase was primarily due to the devaluation of the Argentine *peso* from a fixed *peso*-dollar exchange rate in December 2001. Foreign exchange losses from our Brazilian operations decreased in 2001 compared to 2000 despite the *real* declining in value 16% against the U.S. dollar in 2001 compared to 9% in 2000. The decrease was primarily due to a reduction in our exposure to foreign currency

fluctuations in Brazil through the use of permanently invested intercompany loans.

Income tax expense was \$68 million in 2001 compared to an income tax expense of \$12 million in 2000. Income tax expense in 2001 was higher compared to 2000 primarily due to higher taxable income.

Minority interest was an expense of \$72 million in 2001 compared to an expense of \$37 million in 2000. The increase was due to the increase in income from continuing operations before minority interest.

Net income Net income was \$134 million in 2001 compared to \$12 million in 2000. Net income in 2001 included a \$7 million gain from the cumulative effect of a change in accounting principle related to the adoption of Statement of Financial Accounting Standards (SFAS) No. 133. As a result of the adoption, commencing in 2001, we recorded unrealized gains and losses on previously unrecognized forward purchase and sales contracts as a component of cost of goods sold over the term of these contracts rather than on the delivery date for the underlying commodity. Also in 2001, we recorded a \$3 million gain on the disposal of our baked goods division in Brazil, compared to a loss relating to the division in 2000. We sold this division in March 2001 for \$59 million, net of expenses.

If we had completed our August 2001 initial public offering and our March 2002 public offering on January 1, 2001, and applied the net proceeds of \$278 million from our initial public offering and approximately \$292 million from our public offering in March 2002 as described in the related prospectuses, our net income in 2001 would have increased by \$26 million to \$160 million.

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Net sales Net sales increased by 20% to \$9,667 million in 2000 from \$8,075 million in 1999.

Net sales in our agribusiness segment grew by 15% to \$6,327 million in 2000 from \$5,517 million in 1999. Agribusiness segment net sales increased primarily due to higher sales volumes, partially offset by lower average agricultural commodity prices. The increase in sales volumes was caused by rapid growth in

our international marketing operations, which increased sales volumes by 9.5 million metric tons compared to 1999, as well as an increase of 4.8 million metric tons in our grain origination business. The increase in volumes was due in part to higher sales of soybeans as a result of our decision to sell soybeans rather than process them into soybean meal and soybean oil. This decision was made because margins on soybean export sales were more favorable than margins available on soybean meal and soybean oil. Average selling prices of soy commodity products declined in our grain origination, oilseed processing and international marketing business lines due primarily to changes in China's import policies for soy commodity products and excess industry-wide oilseed processing capacity. See "Industry Economic Conditions and Cyclicalities."

Net sales in our fertilizer segment increased by 142% to \$1,466 million in 2000 from \$605 million in 1999. Fertilizer segment net sales increased significantly as a result of the acquisition of Manah and Fosfertil and internal growth in our business. Average selling prices of our fertilizer products remained flat during 2000 compared to 1999. Excluding the effects of the acquisition of Manah and Fosfertil, sales volumes in our fertilizer segment increased by 14% in 2000 compared to 1999 driven by growth in the Brazilian agricultural sector. The acquisition of Manah and Fosfertil increased our sales volumes by 5.4 million metric tons in 2000.

Net sales in our edible oil products segment decreased by 8% to \$1,019 million in 2000 from \$1,109 million in 1999. This decrease was primarily attributable to the adverse effects of the *real* devaluation and lower average selling prices due to competitive pressures in Brazil.

Net sales in our wheat milling and bakery products segment decreased by 9% to \$527 million in 2000 from \$579 million in 1999. This decrease was primarily attributable to lower sales volumes and the adverse effects of the *real* devaluation.

Net sales in our other segment increased by 24% to \$328 million in 2000 from \$265 million in 1999. The increase was primarily due to higher average selling prices in our soy ingredients and corn products businesses.

Cost of goods sold Cost of goods sold, including impairment and restructuring charges of \$49 million, increased by 20% to

\$8,984 million in 2000 from \$7,463 million in 1999. Included in cost of goods sold were depreciation and depletion expenses of \$141 million in 2000 and \$94 million in 1999.

Cost of goods sold in our agribusiness segment, excluding impairment and restructuring charges of \$39 million recorded in 2000, increased by 14% to \$6,065 million in 2000 from \$5,314 million in 1999. This increase was primarily due to higher sales volumes in our grain origination and international marketing operations, offset by lower average prices of soy commodity products.

Cost of goods sold in our fertilizer segment increased by 169% to \$1,228 million in 2000 from \$457 million in 1999. This increase was primarily because of higher sales volumes due to internal growth, the acquisition of Manah and Fosfertil and higher production costs. The higher production costs were attributable to our acquisition of Manah and Fosfertil. In addition, depreciation and depletion costs increased by \$41 million in 2000 compared to 1999 due to the acquisition of Manah and Fosfertil.

Cost of goods sold in our edible oil products segment, excluding impairment and restructuring charges of \$5 million recorded in 2000, declined by 10% to \$871 million in 2000 from \$970 million in 1999. This decrease was primarily due to lower raw material costs and the effects of the *real* devaluation.

Cost of goods sold in our wheat milling and bakery products segment declined by 4% to \$476 million in 2000 from \$494 million in 1999. This decrease was due to the effects of the *real* devaluation and lower sales volumes.

Cost of goods sold in our other segment, excluding impairment and restructuring charges of \$5 million recorded in 2000, increased by 29% to \$295 million in 2000 from \$228 million in 1999. This increase was primarily due to higher raw material costs in our soy ingredients and corn products businesses.

Gross profit Gross profit increased by 12% to \$683 million in 2000 from \$612 million in 1999.

Gross profit in our agribusiness segment increased by 10% to \$223 million in 2000 compared to \$203 million in 1999. Excluding \$39 million in impairment and restructuring charges recorded in 2000, gross profit in the agribusiness segment increased by \$59 million, or 29%. This increase was primarily

due to growth in sales volumes in our grain origination and international marketing operations. A portion of the increase in volumes was due to our decision to sell more soybeans rather than process them into soybean meal and soybean oil.

Fertilizer segment gross profit increased by 61% to \$238 million in 2000 from \$148 million in 1999. This increase was primarily due to the acquisition during 2000 of Manah and Fosfertil and internal growth in our business.

Gross profit in our edible oil products segment increased by 3% to \$143 million in 2000 from \$139 million in 1999. Excluding \$5 million in impairment and restructuring charges recorded in 2000, gross profit in the edible oil products segment increased by \$9 million, or 7%. The increase was primarily due to lower raw material costs partially offset by lower average selling prices and the effects of the *real* devaluation.

Gross profit in our wheat milling and bakery products segment declined by 40% to \$51 million in 2000 from \$85 million in 1999. The decrease was due primarily to decreases in sales volumes and the adverse effects of the *real* devaluation.

Gross profit in our other segment decreased by 24% to \$28 million in 2000 from \$37 million in 1999. Excluding \$5 million in impairment and restructuring charges recorded in 2000, gross profit in our other segment declined by \$4 million, or 11%. The decline was due primarily to higher raw material costs partially offset by higher average selling prices in our soy ingredients and corn products businesses.

Selling, general and administrative expenses SG&A increased by 17% to \$387 million in 2000 from \$332 million in 1999. SG&A increased by \$21 million in the agribusiness segment principally due to the full year of operations in 2000 of our Council Bluffs, Iowa, oilseed processing facility and growth of our international marketing operations and by \$43 million in the fertilizer segment due to the acquisition of Manah and Fosfertil, while the edible oil products segment increased by \$11 million due to higher advertising and promotional expenses. SG&A in the wheat milling and bakery products segment decreased by \$20 million primarily due to the effects of the *real* devaluation. SG&A expenses in our other segment increased primarily due to higher promotional expenses relating to our soy ingredients and corn products businesses.

Income from operations Income from operations increased by 6% to \$296 million in 2000 from \$280 million in 1999. Income from operations in our agribusiness segment remained flat as a result of higher gross profit in our grain origination and international marketing operations, offset by higher SG&A relating to the full year of operations of our Council Bluffs, Iowa, oilseed processing facility and the growth of our international marketing operations. The increase was due to the acquisitions during 2000 of Manah and Fosfertil and internal growth in our fertilizer segment. The increase was partially offset by a decrease in income from operations in edible oil products which declined due to increases in SG&A expenses and decreases in wheat milling and bakery products due to a decline in sales volumes and the adverse effects of the *real* devaluation. Income from operations in our other segment decreased primarily due to lower average selling prices in our corn products business.

Non-operating items A summary of significant non-operating items for the periods indicated follows.

	Year Ended December 31,	
(US\$ in millions)	2000	1999
Interest income	\$ 138	\$ 156
Interest expense	(202)	(166)
Interest expense on debt financing		
readily marketable inventories	(52)	(40)
Foreign exchange	(116)	(255)
Other income	7	9
Total	\$ (225)	\$ (296)

Interest income decreased by \$18 million, or 12%, from 1999, primarily due to lower levels of invested cash. Interest expense increased by \$36 million, or 22%, from 1999 because of higher levels of debt assumed as a result of the Manah and Fosfertil acquisitions and higher working capital requirements attributable to higher accounts receivable generated by growth in our international marketing operations. Interest expense on debt used to finance readily marketable inventories increased by \$12 million, or 30%, from 1999 as a result of growth in our international marketing activities.

Foreign exchange losses decreased by \$139 million, or 55%, from 1999. This was primarily due to changes in exchange rates between the *real* and the U.S. dollar, as the *real* declined in value against the U.S. dollar by 9% in 2000 compared to 32% in 1999. The decline was also attributable to lower hedging costs

due to our use of alternative hedging instruments such as options and lower swap costs due to lower interest rates in Brazil.

Income tax expenses were \$12 million in 2000 compared to an income tax benefit of \$27 million recorded in 1999. Income tax expenses in 2000 were higher than 1999 due to the improved operating results of our subsidiaries. The income tax benefit in 1999 was a result of the tax losses recorded by our Brazilian subsidiaries due primarily to the devaluation of the *real*. This tax benefit was partially offset by the recording of valuation allowances in 1999.

Minority interest was an expense of \$37 million in 2000 compared to income of \$4 million in 1999. This change was primarily due to the additional minority interest in Manah and Fosfertil.

Net income Net income was \$12 million in 2000 compared to a net loss of \$5 million in 1999 due to the aforementioned factors. Loss on discontinued operations of our Brazilian baked goods division was \$10 million in 2000 and \$20 million in 1999.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures were \$230 million in 2001, \$184 million in 2000 and \$140 million in 1999. The majority of these capital expenditures related to efficiency improvements to reduce costs, equipment upgrades due to changes in technology and business expansion. In 2001, we continued a number of revenue enhancing projects which we began in 2000 and are near completion, including constructing a sulfuric acid plant in Brazil for our fertilizer segment, as well as the completion of additional agricultural commodities' storage facilities in North America and Brazil and the upgrade of our Destrehan, Louisiana, export elevator. Also, in 2001 we began the expansion of our oilseed processing plant in Rondonópolis, Brazil. After construction is completed, the Rondonópolis plant will be the largest oilseed processing plant in Brazil. In 2000, we completed the construction of our soy ingredients plant in Esteio, Brazil. In 1999, we completed the construction of our oilseed processing facility in Council Bluffs, Iowa, and an edible oil refinery in Decatur, Alabama. Although we have no current material commitments for capital expenditures, we intend to invest approximately \$300 million in capital projects in each of 2002 and 2003, primarily for efficiency improvements, technological upgrades to our existing facilities and business expansion.

In March 2002, we acquired La Plata Cereal S.A., an Argentine agribusiness company, for approximately \$45 million in cash and assumed debt.

During 2001, we acquired an additional 3% interest in Fosfertil for \$21 million and increased our interest in Bunge Fertilizantes by 2% through an acquisition of shares for \$9 million in cash. During 2000, we acquired Manah for \$47 million in cash, net of cash acquired of \$36 million, and paid \$24 million in cash to acquire the remaining 13% we did not already own of one of our Brazilian food products subsidiaries.

In the first quarter of 2001, we received net proceeds of \$59 million from the sale of Plus Vita S.A., our Brazilian baked goods division. Proceeds from disposal of property, plant and equipment were not significant in 2000 and 1999.

Our principal sources of liquidity are cash flows from operations and borrowings under various short-term and long-term bank facilities and lines of credit. Our cash flows from operations are affected by agricultural commodity prices, demand for our products and the availability of raw materials. Prior to 2000, we obtained most of our financing on a decentralized basis at subsidiary levels. Since then, we have taken steps to coordinate our funding activities at the parent company level and access the international capital markets, raising a total of approximately \$1 billion. These initiatives are designed to allow us to take advantage of lower financing costs worldwide. In December 2000, we received net proceeds of \$163 million from the issuance of \$170 million of redeemable preferred stock. We also issued \$107 million of 8.51% three-year trust certificates and \$18 million of 8.61% five-year trust certificates in December 2000. In addition, in 2000, Bunge International contributed \$126 million of capital to us in the form of a secured note receivable. During 2001, Bunge International repaid in cash \$50 million of the principal amount of this note. We increased our commercial paper facility in September 2001 to \$750 million, under which \$435 million was outstanding as of December 31, 2001 at an average interest rate of 2.1%. Our commercial paper program was rated investment grade by the three principal credit rating agencies. In the first quarter of 2002, we increased our commercial paper facility to \$930 million, and we finalized a \$420 million three-year revolving credit facility and a \$67 million two-year revolving credit facility. In the third quarter of 2001, we sold 18,775,100 common shares, or approximately

23% of our outstanding common shares, in an initial public offering, which resulted in net proceeds of \$278 million after underwriting discounts, commissions and expenses. The net proceeds of the initial public offering were used to reduce indebtedness under our commercial paper program.

In the first quarter of 2002, we sold 16,093,633 common shares, or approximately 16% of our outstanding common shares, in a secondary offering, which resulted in net proceeds of approximately \$292 million after underwriting discounts, commissions and expenses. We used \$105 million of the net proceeds to buy back shares held by minority shareholders as required by Brazilian law in connection with the corporate restructuring of our Brazilian subsidiaries. We used the remainder of the proceeds to reduce indebtedness under our commercial paper program.

Cash and cash equivalents at December 31, 2001 were \$199 million. Included in our inventory at December 31, 2001 were readily marketable commodity inventories of \$764 million. These agricultural commodities, which are financed with debt, are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. Our current ratio, defined as current assets divided by current liabilities, was 1.4 at December 31, 2001. Due to our cash levels and the liquidity of our agricultural commodities inventory, we believe our working capital levels satisfy our present business needs.

At December 31, 2001, we had \$190 million outstanding and approximately \$358 million available borrowing capacity under short-term lines of credit with a number of lending institutions. We had \$435 million outstanding and approximately \$315 million available borrowing capacity under our commercial paper program at December 31, 2001. At December 31, 2001, the available short-term lines of credit were committed to us for a period of one to three years. In addition, we have various long-term debt facilities at fixed and variable interest rates denominated in both U.S. dollars and *reais*, most of which mature between 2002 and 2009. As of December 31, 2001, we had \$1,010 million outstanding under these long-term credit facilities. Of this amount, \$365 million was secured by certain land, property, equipment and export commodity contracts, as well as shares of the capital stock of Bunge Fertilizantes, Fosfertil and Ultrafertil having a net carrying value of \$572 million.

The following summarizes our financial obligations and their expected maturities at December 31, 2001, and the effect such obligations are expected to have on our liquidity and cash flow in the periods indicated.

As of December 31, 2001

<i>(US\$ in millions)</i>	Total	Less than 1 year	1-3 years	After 3 years
Commercial paper borrowings	\$ 435	\$ 435	\$ —	\$ —
Other short term borrowings	368	368	—	—
Long-term debt	1,010	180	549	281
Non-cancelable operating lease obligations	132	36	65	31
Total	\$1,945	\$1,019	\$ 614	\$ 312

We have provided guarantees for the payment of long-term loans by our joint ventures. As of December 31, 2001 and 2000 these guarantees totaled approximately \$30 million and \$26 million, respectively.

In the third quarter of 2001, we defeased \$60 million of our outstanding long-term debt by depositing \$62 million of U.S. treasury securities, which are sufficient to make payments of interest and principal on the scheduled payment dates for the benefit of the lenders. The defeased debt instrument was an export financing contract which, required us to export our products to certain customers. As a result of changes in our business, principally the expansion of our international marketing operations, this debt instrument was no longer commercially attractive to us. As a result of the defeasance, all of our rights and obligations with respect to the debt instrument have been released.

We paid a quarterly cash dividend of 9.5 cents per share on November 29, 2001 to shareholders of record on November 15, 2001, and another quarterly cash dividend of 9.5 cents per share on February 22, 2002 to shareholders of record on February 8, 2002.

Cash dividends on our preferred stock are payable quarterly based on three-month LIBOR plus a variable spread. As of December 31, 2001, we had accrued dividends of \$10 million on the redeemable preferred stock, of which we have paid \$9 million. Under the terms of the preferred stock agreement, if more than one quarterly dividend is unpaid, and upon the

occurrence of certain other events, the preferred stockholders may, among other things, require us to arrange for the sale of their preferred stock to third parties at a price based on the issue price of the preferred stock plus accrued and unpaid dividends. As of December 31, 2001, there were no unpaid quarterly dividends on the preferred stock.

Our long-term debt agreements, commercial paper program and the three-year revolving credit facility require us to comply with specified financial covenants related to minimum net worth and working capital and a maximum long-term debt to net worth ratio. We are in compliance with these covenants. We do not have any ratings downgrade triggers that would accelerate the maturity dates of our debt. However, a downgrade in our credit rating could adversely affect our ability to renew existing, or to obtain access to new, credit facilities in the future and would increase the cost of such facilities to us. For example, a downgrade in our credit rating would preclude us from issuing commercial paper under our current program. Should this occur, we have contractual alternative sources of funding available to us, although these would be at higher costs than our commercial paper program.

We do not expect any existing legal or contractual restrictions on the ability of our subsidiaries to transfer funds to us to have any impact on our ability to meet our cash obligations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk management As a result of our global operating and financing activities, we are exposed to changes in agricultural commodity prices, interest rates and foreign currency exchange rates, which may affect our results of operations and financial position. We use derivative financial instruments for the purpose of minimizing the risks and/or costs associated with fluctuations in commodity prices and foreign exchange rates. While these hedging instruments are subject to fluctuations in value, those fluctuations are generally offset by the value of the underlying exposures being hedged. The counterparties to these contractual arrangements are primarily major financial institutions or, in the case of commodity futures and options, a commodity exchange. As a result, credit risk arising from these contracts is not significant, and we do not anticipate any significant losses.

We do not expect the net cash requirements arising from our risk management activities to be material. Our Finance and Risk Management Committee supervises, reviews and periodically revises our overall risk management policies and risk limits. We only enter into derivatives that are related to our inherent business and financial exposure as a global agribusiness company. We do not enter into derivative contracts to obtain financing.

Commodities risk We operate in many areas of the food industry from agricultural raw materials to production and sale of branded food products. As a result, we use and produce various materials, many of which are agricultural commodities, including soybeans, soybean oil, soybean meal, wheat and corn. Agricultural commodities are subject to price fluctuations due to a number of unpredictable factors that may create price risk. We enter into various derivative contracts, primarily exchange traded futures and options, with the objective of managing our exposure to adverse price movements in the agricultural commodities used for our business operations. We have established policies that limit the amount of unhedged fixed price agricultural commodity positions permissible for our operating companies, which are a combination of quantity and value at risk limits. We measure and review our sensitivity to our net commodities position on a daily basis.

We used sensitivity analysis to estimate our daily exposure to market risk on our agricultural commodity position. The daily net agricultural commodity position consists of inventory, related purchase and sale contracts, and exchange-traded contracts, including those used to hedge portions of our production requirements. The fair value of that position is a summation of the fair values calculated for each agricultural commodity by valuing each net position at quoted futures prices. Market risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices. The results of this analysis, which may differ from actual results, are as follows:

Year Ended December 31,				
	2001		2000	
	Fair Value	Market Risk	Fair Value	Market Risk
Highest long position	\$ 209	\$ 21	\$ 243	\$ 24
Highest short position	77	8	79	8
Average long position	\$ 138	\$ 14	\$ 76	\$ 8

The increase in fair value of the average position for 2001 compared to 2000 was principally a result of an increase in our daily net agricultural commodity position.

Currency risk Our global operations require active participation in foreign exchange markets. To reduce the risk of foreign exchange rate fluctuations, we follow a policy of hedging net monetary assets and liabilities denominated in currencies other than the functional currencies applicable to each of our various subsidiaries. Our primary exposure is related to our businesses located in Brazil and Argentina and to a lesser extent, Europe, Middle East and Asia. To minimize the adverse impact of currency movements, we enter into foreign exchange swap and purchased option contracts to hedge currency exposures.

When determining our exposure, we exclude intercompany loans that are deemed to be permanently invested. Permanently invested intercompany loans will not be repaid and therefore are treated as analogous to equity for accounting purposes. As a result, the foreign exchange gains and losses on these borrowings are excluded from the determination of net income and recorded as a component of accumulated other comprehensive income (loss). The balance of permanently invested intercompany borrowings was \$595 million and \$290 million as of December 31, 2001 and December 31, 2000, respectively. Included in other comprehensive income (loss) are exchange losses related to permanently invested intercompany loans of \$112 million and \$7 million in 2001 and 2000, respectively. There were no gains or losses in 1999.

For risk management purposes and to determine the overall level of hedging required, we further reduce the foreign exchange exposure determined above by the value of our agricultural commodities inventories. Our agricultural commodities inventories, because of their international pricing in U.S. dollars, provide a natural hedge to our currency exposure.

Our net currency position, including cross-currency swaps and currency options, and our market risk, which is the potential loss from an adverse 10% change in foreign currency exchange rates, is set forth in the following table. In addition, we have provided an analysis of our foreign currency exposure after reducing the exposure for our agricultural commodities inventory.

Actual results may differ from the information set forth below.

	As of December 31,	
(US\$ in millions)	2001	2000
Brazilian operations		
Net currency short position, from financial instruments, including derivatives	\$ 511	\$ 665
Market risk	51	67
Agricultural commodities inventories	401	637
Net currency short position, less agricultural commodities inventories	110	28
Market risk	\$ 11	\$ 3
Argentine operations		
Net currency short position, from financial instruments, including derivatives	\$ 48	\$ 223
Market risk	5	22
Agricultural commodities inventories	93	208
Net currency short (long) position, less agricultural commodities inventories	(45)	15
Market risk	\$ (5)	\$ 2

The decrease in our net currency position in 2001 compared to 2000 was due to our ongoing efforts to reduce foreign currency exposures, including the increase in the use of permanently invested intercompany loans.

Interest rate risk The fair value of our long-term debt is estimated below using discounted future cash flows based on our current borrowing arrangements. Market risk is estimated as the potential change in fair value resulting from a hypothetical one percentage point change in interest rates.

	As of December 31,	
(US\$ in millions)	2001	2000
Fair value of long-term debt, including current portion	\$1,015	\$1,206
Excess (deficit) of carrying value over fair value	(5)	51
Market risk	\$ 15	\$ 7

The decrease in fair value of long-term debt in 2001 over 2000 was due to a reduction in our long-term debt levels and the effect of a decrease in quoted interest rates.

CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION

This report contains both historical and forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Security Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect our current expectations and projections about our future results, performance, prospects and opportunities. We have tried to identify these forward-looking statements by using words including "may," "will," "expect," "anticipate," "believe," "intend," "estimate" and "continue" and similar expressions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those

expressed in, or implied by, these forward-looking statements. The following important factors, among others, could affect future results, causing them to differ materially from those expressed in our forward-looking statements: estimated demand for commodities and other products that we sell and use in our business; industry conditions, including the cyclicity of the agribusiness industry; economic conditions in Brazil and Argentina; and other economic, business, competitive and/or regulatory factors affecting our business generally. The forward-looking statements included in this report are made only as of the date of this report, and except as otherwise required by federal securities law, we do not have any obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances.

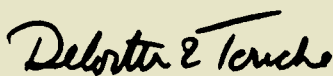
**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
OF BUNGE LIMITED AND SUBSIDIARIES**

We have audited the accompanying consolidated balance sheets of Bunge Limited and Subsidiaries (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made

by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Bunge Limited and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.



Hamilton, Bermuda
February 22, 2002

Consolidated Statements of Income

	Year Ended December 31,		
	2001	2000	1999
<i>(United States Dollars in Millions, except per share data)</i>			
Net sales	\$ 11,484	\$ 9,667	\$ 8,075
Cost of goods sold	10,507	8,935	7,463
Impairment and restructuring charges (Note 21)	14	49	—
Gross profit	963	683	612
Selling, general and administrative expenses	436	387	332
Income from operations	527	296	280
Non-operating income (expense) — net (Note 22)	(263)	(225)	(296)
Income (loss) from continuing operations before income tax and minority interest	264	71	(16)
Income tax (expense) benefit	(68)	(12)	27
Income from continuing operations before minority interest	196	59	11
Minority interest	(72)	(37)	4
Income from continuing operations	124	22	15
Discontinued operations, net of tax of \$0 (2001), \$1 (2000) and \$3 (1999) (Note 4)	3	(10)	(20)
Income (loss) before cumulative effect of change in accounting principle	127	12	(5)
Cumulative effect of change in accounting principle, net of tax of \$4 (Note 1)	7	—	—
Net income (loss)	\$ 134	\$ 12	\$ (5)
Earnings per common share (Note 18)			
Basic			
Income from continuing operations	\$ 1.73	\$.34	\$.23
Discontinued operations	.04	(.15)	(.31)
Cumulative effect of change in accounting principle	.10	—	—
Net income (loss) per share	\$ 1.87	\$.19	\$ (.08)
Diluted			
Income from continuing operations	\$ 1.72	\$.34	\$.23
Discontinued operations	.04	(.15)	(.31)
Cumulative effect of change in accounting principle	.10	—	—
Net income (loss) per share	\$ 1.86	\$.19	\$ (.08)

The accompanying notes are an integral part of these consolidated financial statements.

	December 31,	
<i>(United States Dollars in Millions, except share data)</i>	2001	2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 199	\$ 423
Marketable securities	6	61
Trade accounts receivable (less allowance of \$63 and \$59)	881	873
Inventories (Note 5)	1,368	1,311
Recoverable taxes	75	225
Deferred income taxes (Note 9)	84	21
Other current assets (Note 6)	671	513
Total current assets	3,284	3,427
Property, plant and equipment, net (Note 7)	1,669	1,859
Goodwill and other intangible assets, net	166	200
Investments in affiliates	29	54
Deferred income taxes (Note 9)	100	169
Other non-current assets	195	145
Total assets	\$ 5,443	\$ 5,854
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt (Note 11)	\$ 803	\$ 1,268
Current portion of long-term debt (Note 12)	180	254
Trade accounts payable	775	839
Other current liabilities (Note 8)	588	385
Total current liabilities	2,346	2,746
Long-term debt (Note 12)	830	1,003
Deferred income taxes (Note 9)	126	141
Other non-current liabilities (Note 13)	272	282
Commitments and contingencies (Note 15)		
Minority interest in subsidiaries (Note 16)	493	543
Shareholders' equity:		
Common stock, par value \$.01; authorized — 240,000,000 shares; issued and outstanding: 2001 — 83,155,100 shares, 2000 — 64,380,000 shares (Note 17)	1	1
Additional paid-in capital	1,706	1,428
Receivable from former shareholder (Note 14)	(76)	(126)
Retained earnings	435	309
Accumulated other comprehensive loss	(690)	(473)
Total shareholders' equity	1,376	1,139
Total liabilities and shareholders' equity	\$ 5,443	\$ 5,854

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	Year Ended December 31,		
<i>(United States Dollars in Millions)</i>	2001	2000	1999
OPERATING ACTIVITIES			
Net income (loss)	\$ 134	\$ 12	\$ (5)
Adjustment to reconcile net income (loss) to cash provided by (used for) operating activities:			
Unrealized foreign exchange loss (gain)	10	(16)	74
Bad debt expense	24	7	15
Provision for recoverable taxes	20	—	—
Depreciation, depletion and amortization	167	149	101
Deferred income taxes	(11)	(17)	(29)
Impairment charges	14	44	—
Discontinued operations	(3)	10	20
Minority interest	72	37	(4)
Other — net	(3)	(16)	—
Changes in operating assets and liabilities, excluding the effects of acquisitions:			
Marketable securities	58	(7)	54
Trade accounts receivable	(127)	(336)	(67)
Inventories	(303)	(311)	(20)
Recoverable taxes	134	(72)	28
Trade accounts payable	18	(6)	(138)
Other — net	5	1	8
Cash provided by (used for) operating activities	209	(521)	37
INVESTING ACTIVITIES			
Payments made for capital expenditures	(230)	(184)	(140)
Proceeds from disposal of property, plant and equipment	9	7	7
Business acquisitions, net of cash acquired	(13)	(78)	(2)
Investments in affiliate	(4)	(2)	(12)
Proceeds from sale of discontinued operations	59	—	—
Repayments of related party loans	—	166	39
Cash used for investing activities	(179)	(91)	(108)
FINANCING ACTIVITIES			
Net change in short-term debt	(316)	612	(231)
Proceeds from long-term debt	121	389	388
Repayment of long-term debt	(323)	(447)	(501)
Proceeds from sale of common stock	278	—	—
Net proceeds from issuance of redeemable preferred stock by subsidiary	—	163	—
Dividends paid to shareholders	(8)	—	—
Dividends paid to minority interest	(26)	(18)	(3)
Proceeds from receivable from former shareholder	50	—	—
Capital contributions from shareholder	—	—	93
Capital contributions from minority interest	—	10	1
Cash (used for) provided by financing activities	(224)	709	(253)
Effect of exchange rate changes on cash and cash equivalents	(30)	(37)	(177)
Net (decrease) increase in cash and cash equivalents	(224)	60	(501)
Cash and cash equivalents, beginning of period	423	363	864
Cash and cash equivalents, end of period	\$ 199	\$ 423	\$ 363

The accompanying notes are an integral part of these consolidated financial statements.

(United States Dollars in Millions, except share data)			Additional Paid-in Capital	Receivable from Former Shareholder	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (Note 17)	Total Stockholders' Equity	Comprehensive Income (Loss)
	Common Stock Shares	Amount						
Balances, January 1, 1999	64,380,000	\$1	\$1,209	\$ —	\$ 302	\$ (17)	\$1,495	
Comprehensive income — 1999:								
Net loss	—	—	—	—	(5)	—	(5)	\$ (5)
Other comprehensive income (loss):								
Foreign exchange translation adjustment	—	—	—	—	—	(386)	—	(386)
Total comprehensive income (loss)						(386)	(386)	\$ (391)
Capital contribution (Note 14)	—	—	93	—	—	—	93	
Balances, December 31, 1999	64,380,000	1	1,302	—	297	(403)	1,197	
Comprehensive income — 2000:								
Net income	—	—	—	—	12	—	12	\$ 12
Other comprehensive income (loss):								
Foreign exchange translation adjustment	—	—	—	—	—	(70)	—	(70)
Total comprehensive income (loss)						(70)	(70)	\$ (58)
Capital contribution (Note 14)	—	—	126	(126)	—	—	—	
Balances, December 31, 2000	64,380,000	1	1,428	(126)	309	(473)	1,139	
Comprehensive income — 2001:								
Net income	—	—	—	—	134	—	134	\$ 134
Other comprehensive income (loss):								
Foreign exchange translation adjustment	—	—	—	—	—	(222)	—	(222)
Cumulative effect of a change in accounting principle, net of tax benefit of \$2	—	—	—	—	—	(3)	—	(3)
Unrealized gain on commodity futures, net of tax of \$7	—	—	—	—	—	12	—	12
Reclassification of realized gains to net income, net of tax of \$3	—	—	—	—	—	(4)	—	(4)
Total comprehensive income (loss)						(217)	(217)	\$ (83)
Collection of receivable from former shareholder	—	—	—	50	—	—	50	
Dividend paid	—	—	—	—	(8)	—	(8)	
Issuance of common stock — initial public offering (Note 17)	18,775,100	—	278	—	—	—	278	
Balances, December 31, 2001	83,155,100	\$1	\$1,706	\$ (76)	\$ 435	\$ (690)	\$1,376	

The accompanying notes are an integral part of these consolidated financial statements.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of business Bunge Limited is a Bermuda holding company incorporated in May 1995. On August 6, 2001, Bunge International Limited ("Bunge International") effected a series of transactions that resulted in the pro-rata distribution of the common shares of Bunge Limited to the shareholders of Bunge International. Prior to August 6, 2001, Bunge Limited was a wholly owned subsidiary of Bunge International, a privately held Bermuda company. On August 7, 2001, Bunge Limited sold 17,600,000 of its common shares in an initial public offering. On September 6, 2001, Bunge Limited sold an additional 1,175,100 of its common shares, upon the exercise of the underwriters' over-allotment option. The Company trades its stock on the New York Stock Exchange under the ticker symbol BG.

Bunge Limited and its consolidated subsidiaries (collectively, "Bunge") is an integrated, global agribusiness and food company with primary operations in North and South America and worldwide distribution capabilities. Bunge operates in eight business segments, which are aggregated into five reporting segments: agribusiness, fertilizer, edible oil products, wheat milling and bakery products and other.

Agribusiness Bunge's agribusiness activities include grain origination, oilseed processing and international marketing. Bunge's primary grain origination and oilseed processing assets are located in the United States, Brazil and Argentina.

Fertilizer Bunge's fertilizer segment is involved in every stage of the fertilizer business, from mining of raw materials to sales of mixed fertilizer formulas. Bunge's fertilizer activities are primarily located in Brazil.

Edible oil products Bunge's edible oil products segment consists of producing and selling edible oil products, such as shortenings and oils, margarine, mayonnaise and other products derived from refined vegetable oil. Bunge's edible oil products segment is located in the United States and in Brazil.

Wheat milling and bakery products Bunge's wheat milling and bakery products segment consists of producing and selling flours, bakery mixes and baked goods. Bunge's wheat milling and bakery products segment is located in the United States and in Brazil.

Other Bunge's other segment includes the soy ingredients business and the corn products business. The soy ingredients business consists of producing and selling soy functional ingredients and nutraceuticals. The corn products business consists of producing and selling products derived from corn. The soy ingredients business is located in Brazil. The corn products business is located in the United States.

Basis of presentation and principles of consolidation The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and include the assets, liabilities, revenues and expenses of all majority owned subsidiaries over which Bunge exercises control and for which control is other than temporary. Intercompany transactions and balances are eliminated in consolidation. Bunge has no non-consolidated majority owned subsidiaries. Bunge has no interests in or relationships with any special purpose entities, which are not reflected in our consolidated financial statements.

Investments in 20% to 50% owned affiliates in which Bunge has the ability to exercise significant influence are accounted for by the equity method of accounting whereby the investment is carried at acquisition cost, plus Bunge's equity in undistributed earnings or losses since acquisition. Investments in less than 20% owned affiliates are accounted for by the cost method.

Bunge periodically reviews its non-current investments for which fair value is less than the carrying value to determine if the decline in value is other than temporary. If the decline in value is judged to be other than temporary, the carrying value of the investment is written down to fair value. The amount of any write-down is included in Bunge's results of operations.

In 1998, Bunge International announced its intention to segregate certain of its agribusiness related subsidiaries. Consequently, Bunge International contributed certain subsidiaries to Bunge, and Bunge divested others. Simultaneously, Bunge formalized its plan to divest certain divisions of the subsidiaries contributed by Bunge International (see Note 4). This reorganization was completed in 2000. The consolidated financial statements reflect the results of operations, financial position, cash flows and changes in shareholders' equity of the subsidiaries that were contributed to Bunge on an as if pooling basis for all periods presented.

Prior to 2001, general corporate overhead costs incurred by Bunge International were allocated to Bunge based on the actual expense incurred to support Bunge's operations. Beginning in 2001, Bunge began paying all of its general corporate overhead costs directly. The costs allocated to Bunge in 2000 and 1999 were \$22 million and \$25 million, respectively and are reported in selling, general and administrative expenses in its consolidated statements of income. The costs of these services allocated to Bunge are not necessarily indicative of the costs that would have been incurred if Bunge had performed these functions as a stand-alone entity. Bunge believes the allocation method was reasonable.

Use of estimates and certain concentrations The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and require management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Amounts affected include, but are not limited to, allowances for doubtful accounts, inventories, allowances for recoverable taxes, restructuring charges, useful lives of property, plant and equipment and intangible assets, contingent liabilities, income tax valuation allowances, pension plans and fair value of financial instruments. Actual amounts may vary from those estimates.

The availability and price of agricultural commodities used in Bunge's operations are subject to wide fluctuations due to unpredictable factors such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand created by population growth and higher standards of living, and global production of similar and competitive crops.

Bunge has a significant portion of its operations in the United States and Brazil, which represented 40% and 28%, respectively, of consolidated net sales in 2001.

Translation of foreign currency financial statements The functional currency of the majority of the foreign subsidiaries of Bunge is the local currency and, as such, amounts included in the consolidated statements of income are translated at

rates which approximate actual exchange rates at the date of the transaction (weighted average rates). Assets and liabilities are translated at year-end exchange rates and resulting foreign exchange translation adjustments are recorded in the consolidated balance sheets as a component of accumulated other comprehensive income (loss).

Foreign currency transactions Monetary assets and liabilities of Bunge and its subsidiaries denominated in currencies other than their functional currency are remeasured into their respective functional currencies at exchange rates in effect at the balance sheet date. The resulting exchange gains or losses are included in Bunge's consolidated statements of income.

Cash and cash equivalents Cash and cash equivalents include time deposits and readily marketable securities with original maturity dates of three months or less.

Marketable securities Marketable securities are classified as trading securities and are reported at fair value based on quoted market prices. Unrealized gains and losses associated with such securities are included in non-operating income (expenses) — net in the consolidated statements of income.

Inventories Inventories in the agribusiness segment, which consist of merchandisable agricultural commodities, are stated at market value (net realizable value). The merchandisable agricultural commodities are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. Changes in the market values of merchandisable agricultural commodities inventories are recognized in earnings as a component of cost of goods sold.

Readily marketable inventories are agricultural commodities inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. Bunge records interest expense attributable to readily marketable inventories based on the average interest rates incurred on the debt financing these inventories in non-operating income (expense)—net in its consolidated statement of income.

All other inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Derivatives Bunge minimizes the effects of changes in price of agricultural commodities on its agribusiness inventories and agricultural commodities forward cash purchase and sales contracts by using exchange-traded futures and options contracts to minimize its net position in these inventories and contracts. Exchange-traded futures and options contracts, forward purchase contracts and forward sale contracts are valued at the quoted market prices, which are based on exchange quoted prices, adjusted for differences in local markets as required under Statement of Financial Accounting Standards (SFAS) No. 133. Changes in the market value of forward purchase and sale contracts, and exchange-traded futures and options contracts, are recognized in earnings as a component of cost of goods sold. These contracts are predominately settled in cash.

In addition, Bunge hedges portions of its oilseed processing business production requirements, including purchases of soy commodities products. The instruments used are exchange-traded futures contracts, that are designated as cash flow hedges. The changes in the market value of such futures contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in price movements of the hedged item. Gains or losses arising from hedging transactions are deferred in other comprehensive income (loss), net of applicable taxes, and are reclassified to cost of goods sold when the products associated with the hedged item are sold. If Bunge determines that the instruments used are no longer effective at offsetting changes of the hedged item, then the changes in the market value of such futures contracts would be reflected in earnings as a component of cost of goods sold. Bunge expects to reclassify approximately \$5 million after tax gains to cost of goods sold in the year ending December 31, 2002.

Bunge also enters into derivative financial instruments, including foreign currency swaps, purchased call options and forward currency contracts, to limit exposures to changes in foreign currency exchange rates with respect to its recorded foreign currency denominated assets and liabilities. Realized and unrealized gains and losses on foreign exchange swap contracts, currency forward contracts and changes in the fair value of option contracts are recognized as a component of foreign exchange in the consolidated statements of income.

Exchange-traded futures and options contracts, forward purchase and sale contracts, foreign currency swaps, options and forward contracts are marked to market and any resulting unrealized gains and losses on such derivative contracts are recorded in other current assets or other current liabilities on Bunge's consolidated balance sheet.

Bunge only enters into derivatives that are related to its inherent business and financial exposure as a multinational agricultural commodities company. Bunge does not enter into derivative contracts to obtain financing.

Recoverable taxes Recoverable taxes represent value added taxes paid on the acquisition of raw materials and other services which can be offset against similar future taxes due on sales. Recoverable taxes are offset by allowances for uncollectible amounts if it is determined that collection is doubtful.

Property, plant and equipment, net Property, plant and equipment, net is stated at cost less accumulated depreciation and depletion. Major renewals and improvements are capitalized, while maintenance and repairs are expensed as incurred. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Included in property, plant and equipment are mining properties that are stated at cost less accumulated depletion. Depletion is computed using the unit-of-production method based on proven and probable reserves. Useful lives for property, plant and equipment are as follows:

	Years
Buildings	10-50
Machinery and equipment	7-15
Furniture, fixtures and other	3-10

Bunge capitalizes interest on borrowings during the construction period of major capital projects. The capitalized interest is recorded as part of the asset to which it relates, and is depreciated over the asset's estimated useful life.

Goodwill and other intangible assets, net Goodwill relates to the excess of the purchase price over the fair value of tangible and identifiable intangible net assets acquired in an acquisition. It is amortized on a straight-line basis over its estimated useful life of 40 years. Other intangible assets include brands and trademarks recorded at fair value at the date of acquisition.

They are amortized on a straight-line basis over their estimated useful lives, ranging from 10 to 40 years. Accumulated amortization for goodwill and other intangible assets was \$35 million and \$42 million at December 31, 2001 and 2000, respectively.

Impairment of long-lived assets Bunge reviews for impairment its long-lived assets and identified intangibles whenever events or changes in circumstances indicate that carrying amounts of an asset may not be recoverable. In performing the review for recoverability, Bunge estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest changes) is less than the carrying amount of the asset, an impairment loss is recognized; otherwise, no impairment loss is recognized. Measurement of an impairment loss to be recognized for long-lived assets and identifiable intangibles that Bunge expects to hold and use is excess of carrying value over the fair value of the asset.

Long-lived assets and certain identifiable intangibles to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Bunge evaluates the recoverability of goodwill not identified with impaired assets, on the basis of management's estimates of the future undiscounted cash flows associated with the related acquired business.

Stock-based compensation In accordance with the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, Bunge has elected to continue to account for stock-based compensation using the intrinsic value method under Accounting Principle Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees* and Financial Accounting Standards Board (FASB) Interpretation (FIN) 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans*. Bunge, accrues costs over the vesting or performance period and adjusts costs for subsequent changes in the fair market value of the awards.

Income taxes Income tax expenses are recognized based on the tax jurisdictions in which Bunge's subsidiaries operate. Under Bermuda law, Bunge is not required to pay taxes in Bermuda on either income or capital gains. The major tax jurisdictions in which Bunge operates are the U.S. and Brazil. The provision for income taxes includes income taxes currently payable and

deferred income taxes arising as a result of temporary differences between financial and tax reporting. Deferred tax assets are reduced by valuation allowances if it is determined that realization is doubtful.

Revenue recognition Sales of agricultural commodities, fertilizers and all other products are recognized when risk and title to the product transfer to the customer, which occurs at the time the shipment is made. Net sales are gross sales less discounts related to promotional programs and sales taxes. Shipping and handling costs are included as a component of cost of goods sold.

Fertilizer delivered under secured advances to suppliers of agricultural commodities, which are repaid through the delivery of soybeans, are accounted for as sales on the date fertilizer is delivered. The value of the sale is determined based upon the fair value of the fertilizer. Bunge recorded sales of fertilizer sold under secured advances to suppliers totaling \$71 million, \$78 million and \$41 million in 2001, 2000 and 1999, respectively, as a component of net sales. Bunge has no standing barter agreements. Had these advances been made in cash rather than fertilizer, consolidated operating cash flows would have been reduced by \$34 million, \$34 million and \$16 million in 2001, 2000 and 1999, respectively.

Research and development Research and development costs are expensed as incurred. Research and development expenses were \$6 million, \$5 million and \$4 million in 2001, 2000 and 1999, respectively.

New accounting pronouncements Effective January 1, 2001, Bunge adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 133 established accounting and reporting standards for derivative instruments including certain derivative instruments embedded in other contracts and hedging activities. As a result of this adoption, Bunge's net income in 2001 increased by \$7 million, net of \$4 million of tax expense for the fair value of previously unrecognized derivative instruments. Bunge also recorded a loss in other comprehensive income (loss) of \$(3) million, net of \$2 million tax benefit for derivatives which hedge the variable cash flows of certain forecasted transactions. These adjustments are reported as a cumulative effect of change in accounting principles as of January 1, 2001.

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 supercedes APB Opinion No. 16, *Business Combinations* and changes the accounting for business combinations by requiring all business combinations to be accounted for using the purchase method, eliminating pooling-of-interests, except for qualifying business combinations that were initiated prior to July 1, 2001. SFAS No. 141 further clarifies the criteria for recognizing intangible assets separately from goodwill. SFAS No. 141 is effective for any business combination that is completed after June 30, 2001.

SFAS No. 142 supercedes APB Opinion No. 17, *Intangible Assets* and changes the accounting for goodwill and other intangible assets by eliminating the amortization of goodwill and other intangible assets with indefinite lives. However, SFAS No. 142 requires goodwill and other intangible assets to be tested at least annually for impairment. Separable other intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. SFAS No. 142 also requires that Bunge complete a transitional goodwill impairment test six months from the date of adoption. The amortization provisions of SFAS No. 142 apply immediately to goodwill and intangible assets acquired after June 30, 2001. As of December 31, 2001, Bunge had goodwill and other intangible assets, net of accumulated amortization, of \$166 million, which will be subject to the transitional assessment provisions of SFAS No. 142. Amortization expense was \$7 million, \$8 million and \$7 million for the years ended December 31, 2001, 2000 and 1999, respectively. Bunge is currently assessing the impact of SFAS No. 142 on its financial position and results of operations.

In August 2001, the FASB issued SFAS No. 143, *Accounting for Asset Retirement Obligations* effective January 1, 2003 and SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* effective January 1, 2002. SFAS No. 143 requires the recording of the fair value of a liability for an asset retirement obligation in the period in which it is incurred. SFAS No. 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity

that has been disposed of or is classified as held for sale. Bunge is currently assessing the impact of adopting SFAS No. 143. Bunge has determined that there will be no impact from adopting SFAS No. 144.

Reclassifications Certain reclassifications were made to the prior years financial statements to conform to the current presentation.

2. PENDING ACQUISITIONS

In October 2001, Bunge entered into an agreement to acquire La Plata Cereal S.A., an Argentine agribusiness subsidiary of André & Cie S.A., a Swiss agribusiness company. As a result of certain adjustments under the agreement, Bunge expects that the purchase price will be a maximum of \$50 million in cash and assumed debt. The purchase price remains subject to adjustments related to La Plata's financial condition and other contingencies. Bunge expects the transaction to close in March 2002.

In December 2001, Bunge effected a corporate restructuring of its major Brazilian subsidiaries, which required the approval of the Brazilian securities commission obtained in January 2002. The restructuring involved the exchange of all of the shares of Bunge Fertilizantes S.A., Bunge's fertilizer operations, and Bunge Alimentos S.A., Bunge's agribusiness and food products operations, for shares of Serrana S.A., which was renamed Bunge Brasil S.A. Pursuant to Brazilian securities laws, the three restructured subsidiaries offered withdrawal rights to their shareholders. These withdrawal rights required Bunge's subsidiaries to buy back and cancel shares from minority shareholders at a total cost of \$105 million. After the withdrawal rights expired on February 18, 2002, Bunge delisted Bunge Fertilizantes and Bunge Alimentos, thereby reducing the number of its publicly-traded subsidiaries in Brazil from four to two: Bunge Brasil and Fosfertil S.A. Bunge will account for the exchange of shares as an acquisition of minority interest in the first quarter of 2002.

3. BUSINESS ACQUISITIONS

Bunge Fertilizantes S.A. In April 2000, Bunge acquired a 21% interest in, representing 57% of the voting stock and thus control of, Manah S.A. ("Manah"), a Brazilian fertilizer company, for \$47 million in cash, net of cash acquired of \$36 million.

In August 2000, Bunge affected a merger, through a share exchange, between two of its subsidiaries, resulting in the acquisition of Fertilizantes Serrana S.A. by Manah. The shareholders of Fertilizantes Serrana S.A. were given shares in the combined entity and a put right for their interest in the combined entity, which expired unexercised 30 days after the date of the merger. Bunge has accounted for the merger as an acquisition of a minority interest. The fair value of the consideration given was \$53 million. After the transaction, Bunge had a 72% interest in the combined entity, which was renamed Bunge Fertilizantes S.A.

Prior to the acquisition, both Bunge and Manah had an equity investment in Fertifós Administração e Participação S.A and subsidiaries ("Fosfertil"). As a result of the acquisition of Manah, Bunge obtained a controlling interest in Fosfertil, a Brazilian phosphate mining company and producer of intermediary fertilizer products. Bunge has consolidated the results of operations of Manah and Fosfertil since April 2000.

The following table summarizes the allocation of the purchase price in the April 2000 Manah acquisition, the August 2000 merger of Fertilizantes Serrana S.A. and Manah, and the consolidation of Fosfertil:

(US\$ in millions)

Calculation of purchase price	
Cash paid	\$ 83
Shares issued	53
Current liabilities assumed	288
Other liabilities assumed	417
Total	\$ 841
Allocation of purchase price	
Current assets	\$ 340
Property, plant and equipment (excluding mining properties)	542
Mining properties	204
Other assets	50
Minority interest	(179)
	957
Previous net investment in Fosfertil under the equity method	(116)
Total	\$ 841

In March 2001, Bunge, through a subsidiary, increased its interest in Fosfertil S.A. by 3% through an acquisition of shares for \$21 million. The purchase price paid was \$3 million in cash and the remainder in a note bearing an interest rate of IGPM, a Brazilian inflation index, plus 6% and is to be repaid in seven installments through July 2002. No goodwill was recognized on this transaction. During 2001, Bunge increased its interest in Bunge Fertilizantes S.A. by 2% through an acquisition of shares for \$9 million in cash. No goodwill was recognized on the transaction.

Bunge Alimentos S.A. In September 2000, Bunge affected a merger, through a share exchange, between two of its subsidiaries resulting in the acquisition of Santista Alimentos S.A. ("Santista"), Bunge's Brazilian edible oil products and wheat milling and bakery operations, by Ceval Alimentos S.A. ("Ceval"), Bunge's Brazilian agribusiness operations. The minority shareholders of Santista were given a put right for their interest in the combined entity, which they exercised. Bunge has accounted for the merger as an acquisition of minority interest. The fair value of the consideration given, including the cash paid on the exercised put rights of \$24 million, was \$25 million. After the merger, Bunge had a 71% interest in the combined entity, which was renamed Bunge Alimentos S.A. Goodwill of \$3 million was recorded as a result of the transaction.

Other The following unaudited pro forma summary reflects the results of operations as if the above acquisitions had been consummated as of January 1, 1999, after including the impact of certain adjustments such as depreciation and depletion on assets acquired.

	Year Ended December 31,		
	2001	2000	1999
(US\$ in millions, except per share data)			
Net sales	\$11,484	\$ 9,782	\$ 8,838
Net income (loss)	135	9	(53)
Net income (loss) per common share	\$ 1.88	\$.14	\$ (.82)

The unaudited pro forma results are not necessarily indicative of what actually might have occurred if the acquisitions had been completed as of the beginning of the periods presented. In addition, they are not intended to be a projection of future results of operations and do not reflect any of the synergies that might be achieved from combined operations.

4. DISCONTINUED OPERATIONS

In March 2001, Bunge committed to a divestiture plan and sold its Brazilian baked goods division, Plus Vita S.A. to a third party. The proceeds from the sale were \$59 million, net of expenses. The divestiture resulted in a gain to Bunge of \$3 million. Accordingly, the operating results for the disposed division have been reported as discontinued operations for all periods presented.

The following table summarizes the financial information related to the baked goods division discontinued operations:

	Year Ended December 31,		
<i>(US\$ in millions)</i>	2001	2000	1999
Net sales	\$ 11	\$ 68	\$ 64
Net loss	\$ —	\$ (10)	\$ (20)

5. INVENTORIES

Inventories consist of the following:

	December 31,	
<i>(US\$ in millions)</i>	2001	2000
Agribusiness — Readily marketable inventories at market value	\$ 764	\$ 799
Fertilizer	318	298
Edible oils	58	60
Wheat milling and bakery	49	39
Other	179	115
Total	\$1,368	\$1,311

6. OTHER CURRENT ASSETS

Other current assets consist of the following:

	December 31,	
<i>(US\$ in millions)</i>	2001	2000
Prepaid commodity purchase contracts	\$ 139	\$ 106
Secured advances to suppliers	164	190
Unrealized gain on derivative contracts	96	—
Net assets of discontinued operations (Note 4)	—	59
Other	272	158
Total	\$ 671	\$ 513

Prepaid commodity purchase contracts Prepaid commodity purchase contracts represent payments to producers in advance of delivery of the underlying commodities. Prepaid commodity purchase contracts are recorded at the lower of cost or market.

Secured advances to suppliers Bunge provides cash advances or fertilizer to suppliers of soybeans to finance a portion of the suppliers' production cost. The advances are generally collateralized by physical assets of the supplier, carry a market interest rate and are repaid through the delivery of soybeans. Secured advances to suppliers are stated at the original value of the advance plus accrued interest, less allowances for uncollectible advances, which were \$0 as of December 31, 2001 and 2000.

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consists of the following:

	December 31,	
<i>(US\$ in millions)</i>	2001	2000
Land	\$ 75	\$ 87
Mining properties	145	182
Buildings	741	777
Machinery and equipment	1,689	1,830
Furniture, fixtures and other	121	127
	2,771	3,003
Less accumulated depreciation and depletion	(1,312)	(1,324)
Plus construction in process	210	180
Total	\$ 1,669	\$ 1,859

Bunge capitalized interest on construction in progress in the amount of \$15 million, \$5 million and \$6 million in 2001, 2000 and 1999, respectively. Depreciation and depletion expense was \$160 million, \$141 million and \$94 million in 2001, 2000 and 1999, respectively.

8. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	December 31,	
(US\$ in millions)	2001	2000
Accrued liabilities	\$ 301	\$ 233
Advances on sales	115	124
Unrealized loss on derivative contracts	102	—
Other	70	28
Total	\$ 588	\$ 385

9. INCOME TAXES

Bunge's principal operations are in the United States and Brazil. Bunge has elected to use the U.S. income tax rates to reconcile between the actual provision for income taxes and that computed by applying the U.S. statutory rates.

The components of the income tax (expense) benefit are:

	Year Ended December 31,		
(US\$ in millions)	2001	2000	1999
Current:			
United States	\$ (18)	\$ 7	\$ 19
Brazil	(50)	(25)	(19)
Other	(11)	(11)	(2)
	(79)	(29)	(2)
Deferred:			
United States	6	(2)	(13)
Brazil	9	18	45
Other	(4)	1	(3)
	11	17	29
Total	\$ (68)	\$ (12)	\$ 27

The components of pre-tax income (loss) before minority interests and discontinued operations are as follows:

	Year Ended December 31,		
(US\$ in millions)	2001	2000	1999
United States	\$ 69	\$ 9	\$ 21
Brazil	176	45	(39)
Other	19	17	2
Total	\$ 264	\$ 71	\$ (16)

Reconciliation of the income tax benefit (expense) at the U.S. statutory rate to the effective rate is as follows:

	Year Ended December 31,		
(US\$ in millions)	2001	2000	1999
Income (loss) from continuing operations before income tax and minority interests	\$ 264	\$ 71	\$ (16)
Income tax rate	35%	35%	35%
Income tax (expense) benefit at statutory rate	(92)	(25)	6
Adjustments to derive effective rate:			
Nondeductible items:			
Mining depletion	(8)	(6)	(3)
Other	(6)	7	(4)
Other items:			
Change in valuation allowance	17	(9)	(32)
Adjustment resulting from the finalization of prior year tax returns	(3)	4	15
Tax benefit on permanently invested intercompany loans	15	—	—
Earnings of subsidiaries taxed at different statutory rates	8	11	40
Other	1	6	5
Income tax (expense) benefit	\$ (68)	\$ (12)	\$ 27

During 1999, a U.S.-based wholly owned subsidiary of Bunge recognized a \$10 million tax credit relating to a redetermination of foreign sales corporation benefits for prior years. This amount is included in the above line item adjustment resulting from the finalization of prior year tax returns.

Certain Bunge subsidiaries had undistributed earnings amounting to approximately \$432 million and \$505 million at December 31, 2001 and 2000. These are considered to be permanently reinvested and, accordingly, no provision for income taxes has been made. It is not practicable to determine the deferred tax liability for temporary differences related to these undistributed earnings.

The primary components of the deferred tax assets and liabilities and the related valuation allowance are as follows:

	December 31,	
(US\$ in millions)	2001	2000
Deferred income tax assets:		
Net operating loss carry-forwards	\$ 175	\$ 172
Excess of tax basis over financial statement basis of property, plant and equipment	4	18
Accrued retirement costs (pension and postretirement cost) and other accrued employee compensation	34	23
Other accruals and reserves not currently deductible for tax purposes	114	161
Other	3	6
Total deferred tax assets	330	380
Less valuation allowance	(64)	(95)
Net deferred tax assets	266	285
Deferred tax liabilities:		
Excess of financial statement basis over tax basis of property, plant and equipment	212	207
Other	5	31
Total deferred tax liabilities	217	238
Net deferred tax assets	\$ 49	\$ 47

Such assets and liabilities are reflected on Bunge's consolidated balance sheets as follows:

	December 31,	
(US\$ in millions)	2001	2000
Current deferred income tax assets	\$ 84	\$ 21
Non-current deferred tax assets	100	169
Other current liabilities	(9)	(2)
Non-current deferred tax liabilities	(126)	(141)
Net deferred tax assets	\$ 49	\$ 47

As of December 31, 2001, Bunge's gross tax loss carry-forwards totaled \$415 million, of which \$347 million have no expiration. However, applicable income tax regulations limit some of these tax losses available for offset of future taxable income to 30% of annual pre-tax income. The remaining tax loss carry-forwards expire at various periods through the year 2020.

Bunge continually reviews the adequacy of the valuation allowance and recognizes tax benefits only as reassessment indicates that it is more likely than not that the benefits will be realized. Bunge's valuation allowance relates to net operating loss carry-forwards in Bunge's Brazilian subsidiaries. Brazilian tax law does not provide for the filing of a consolidated tax return. Therefore, taxable income at one legal entity cannot be offset with tax losses at another. As such, Bunge records a valuation allowance for the net operating loss carry-forwards generated at legal entities in Brazil for which management believes that it is more likely than not that an asset will not be realized. In 2001, Bunge decreased the valuation allowance due to the effects of the utilization of net operating loss carry-forwards generated at these entities. In addition, the balance decreased due to the effects of the Brazilian *real* devaluation.

In 2001, 2000 and 1999, Bunge paid (received) income taxes, net of refunds, of \$16 million, \$20 million and \$(4) million, respectively.

10. FINANCIAL INSTRUMENTS

Bunge uses various financial instruments in the course of its operations, including certain components of working capital such as cash and cash equivalents, accounts receivable and accounts payable. Additionally, Bunge uses short-term and long-term debt to fund operating requirements and derivative financial instruments to manage its foreign exchange and commodity price risk exposures. The counterparties to these financial instruments are primarily major financial institutions and Banco Nacional de Desenvolvimento Econômico e Social ("BNDES") of the Brazilian government, or in the case of commodity futures and options, a commodity exchange. Bunge continually evaluates the creditworthiness of its counterparties and has not experienced, nor does it anticipate, nonperformance by any of these institutions. Bunge had no significant concentration of credit risk at December 31, 2001. The cash requirements arising from derivative contracts are not expected to be significant.

Fair value of financial instruments The carrying amounts and fair values of financial instruments are as follows:

(US\$ in millions)	December 31,			
	2001		2000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$ 199	\$ 199	\$ 423	\$ 423
Marketable securities	6	6	61	61
Short-term debt	803	803	1,268	1,268
Long-term debt, including current portion	\$1,010	\$1,015	\$1,257	\$1,206

Cash and cash equivalents The carrying value approximates the fair value. All investment instruments with a maturity of three months or less are considered cash equivalents.

Marketable securities The fair value was determined based on quoted market prices.

Short-term debt The carrying value approximates the fair value because of the short-term maturity of those instruments.

Long-term debt The fair value of long-term loans was calculated based on interest rates currently available to Bunge for similar borrowings.

11. SHORT-TERM DEBT AND CREDIT FACILITIES

Short-term borrowing consists of the following:

(US\$ in millions)	December 31,	
	2001	2000
Commercial paper with an average interest rate of 2.1% at December 31, 2001	\$ 435	\$ 590
Lines of credit:		
Unsecured variable interest rates from 2.4% to 18%	190	603
Other	178	75
Total short-term borrowings	\$ 803	\$1,268

At December 31, 2001, Bunge had a \$750 million commercial paper program facility to fund working capital requirements.

Bunge's short-term borrowings, predominately held with commercial banks, are primarily used to fund readily marketable inventories and other working capital requirements. The weighted average interest rate on short-term borrowings outstanding as of December 31, 2001 and 2000 was 4.9% and 7.4%, respectively.

At December 31, 2001, Bunge had approximately \$358 million of unused and available borrowing capacity under lines of credit with a number of lending institutions.

12. LONG-TERM DEBT

Long-term obligations are summarized below:

	December 31,	
(US\$ in millions)	2001	2000
Payable in U.S. currency (dollar)		
Senior notes, fixed interest rates from 7.23% to 7.94% maturing through 2021	\$ 165	\$ 172
Trust certificates, fixed interest rates from 8.51% to 8.61% payable 2003 to 2005	125	125
Note collateralized by future export commodity contracts, fixed interest rate 9.25% payable through 2002	56	169
Other notes payable, fixed interest rates from 4.43% to 13.4%, payable through 2008	344	224
Long-term debt, variable interest rates indexed to LIBOR ⁽¹⁾ plus 1.38% to 2.75%, payable through 2009	58	244
Other	3	7
Payable in Brazilian currency (real)		
BNDES ⁽²⁾ loans, variable interest rate indexed to IGPM ⁽³⁾ plus 6.5%, payable through 2008	192	241
Long-term variable interest rate indexed to TJLP ⁽⁴⁾ plus 3.5% to 12%, payable through 2014	40	66
Other	27	9
Total	1,010	1,257
Less: Installments due within one year	(180)	(254)
Total long-term debt	\$ 830	\$1,003

(1) LIBOR as of December 31, 2001 and 2000 was 1.9% and 6.2%, respectively.

(2) BNDES loans are Brazilian government industrial development loans.

(3) IGPM is a Brazilian inflation index published by Fundação Getulio Vargas. The annualized rate for the year ended December 31, 2001 and 2000 was 10.37% and 9.95%, respectively.

(4) TJLP is a long-term interest rate reset by the Brazilian government on a quarterly basis. The annualized rate for the year ended December 31, 2001 and 2000 was 9.5% and 12.0%, respectively.

Certain land, property, equipment, investments in consolidated subsidiaries and export commodity contracts, having a net carrying value of approximately \$572 million at December 31, 2001 have been mortgaged or otherwise collateralized against long-term debt of \$365 million at December 31, 2001.

Principal maturities of long-term debt as of December 31, 2001 are as follows:

(US\$ in millions)	
2002	\$ 180
2003	287
2004	153
2005	109
2006	171
Later years	110
Total	\$1,010

Bunge's long-term debt agreements and commercial paper program contain various restrictive covenants which require the satisfaction of certain financial covenants related to minimum net worth and working capital and a maximum long-term debt to net worth ratio. Bunge is in compliance with these covenants.

13. EMPLOYEE BENEFIT PLANS

Employee defined benefit plan Certain U.S.-based wholly owned subsidiaries of Bunge sponsor noncontributory defined benefit pension plans covering substantially all employees of the wholly owned subsidiary. The plans provide benefits based primarily on participants' salary and length of service.

The funding policy for the defined benefit pension plan is to fund at least those amounts required by the Employee Retirement Income Security Act of 1974 and no more than those amounts permitted by the Internal Revenue Code. The plans' assets are primarily held in fixed income and equity investments.

Postretirement healthcare benefit plan A U.S.-based wholly owned subsidiary of Bunge has a benefit plan to provide certain healthcare benefits to eligible retired employees of that subsidiary and certain other U.S.-based subsidiaries of Bunge. The plan requires minimum employee contributions and defines the maximum amount the subsidiary will pay.

A reconciliation of the changes in the plans' benefit obligation, assets and funded status as of December 31, 2001 and 2000 follows:

	Pension Benefits		Postretirement Benefits	
	December 31,		December 31,	
(US\$ in millions)	2001	2000	2001	2000
Change in benefit obligations:				
Benefit obligation as of beginning of year	\$ 102	\$ 101	\$ 25	\$ 23
Service cost	4	3	—	1
Interest cost	8	7	2	1
Actuarial losses (gains), net	4	(4)	(3)	1
Plan amendments	5	—	(3)	—
Benefits paid	(5)	(5)	(1)	(1)
Benefit obligation as of end of year	\$ 118	\$ 102	\$ 20	\$ 25
Change in plan assets:				
Fair value of plan assets as of beginning of year	\$ 120	\$ 110	\$ —	\$ —
Actual return on plan assets	(18)	14	—	—
Employer contributions	1	1	1	1
Benefits paid	(5)	(5)	(1)	(1)
Fair value of plan assets as of end of year	\$ 98	\$ 120	\$ —	\$ —
Funded status and net amounts recognized:				
Plan assets in excess of (less than) benefit obligation	\$ (20)	\$ 18	\$ (20)	\$ (25)
Unrecognized prior service cost	5	—	(3)	—
Unrecognized net actuarial gain	9	(21)	(3)	—
Unrecognized net transition asset	(2)	(3)	—	—
Net liability recognized in the balance sheet	\$ (8)	\$ (6)	\$ (26)	\$ (25)
Amounts recognized in the balance sheet consist of:				
Prepaid benefit costs	\$ 6	\$ 6	\$ —	\$ —
Accrued benefit cost	(14)	(12)	(26)	(25)
Net liability recognized in other non-current liabilities	\$ (8)	\$ (6)	\$ (26)	\$ (25)

The components of net periodic costs are as follows:

	Pension Benefits			Postretirement Benefits		
	Year Ended December 31,			Year Ended December 31,		
(US\$ in millions)	2001	2000	1999	2001	2000	1999
Service cost	\$ 4	\$ 3	\$ 3	\$ —	\$ 1	\$ 1
Interest cost	8	7	7	2	1	1
Expected return on plan assets	(9)	(8)	(8)	—	—	—
Amortization of unrecognized prior service cost	1	—	—	—	—	—
Amortization of transition obligation	(1)	(1)	(1)	—	—	—
Net periodic benefit costs	\$ 3	\$ 1	\$ 1	\$ 2	\$ 2	\$ 2

The assumptions used in determining the actuarial present value of the projected benefit obligations under the defined benefit pension plan at December 31, 2001, 2000 and 1999 are as follows:

	2001	2000	1999
Discount rate	7.5%	7.5%	7.0%
Increase in future compensation levels	5.0%	5.0%	4.5%
Expected long-term rate of return on assets	9.0%	9.0%	9.0%

During 2001, certain of the defined benefit pension plans were amended. Changes included increases in certain early retirement benefits and in prospective benefits for certain active participants. In addition, the postretirement healthcare benefits plan was amended, reducing Bunge's liability related to future retirees.

For measurement purposes, a 10% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2002. The rate was assumed to decrease gradually to 6% for 2004 and remain at that level thereafter.

A one-percentage point change in assumed healthcare cost trend rates would have the following effects as of December 31, 2001:

(US\$ in millions)	One-percentage point increase	One-percentage point decrease
Effect on total service and interest cost components	\$ —	\$ —
Effect on postretirement benefit obligation	\$ 1	\$ (1)

Employee defined contribution plans Bunge also makes contributions to qualified defined contribution plans for eligible employees. Contributions amounted to \$2 million, \$4 million and \$4 million in 2001, 2000 and 1999, respectively.

14. RELATED PARTY TRANSACTIONS

Shareholders' equity includes a long-term note receivable in the amount of \$76 million and \$126 million at December 31, 2001 and 2000, respectively, from the former sole shareholder of Bunge, Bunge International, relating to a capital contribution made in 2000. In 2001, Bunge received \$50 million in cash from Bunge International for payment of the note. Bunge recorded interest income of \$6 million, \$9 million and \$7 million in 2001, 2000 and 1999, respectively, pertaining to the related party receivable. During 1999, Bunge International contributed additional capital of \$93 million in cash to Bunge.

In 2001, Bunge entered into an administrative services agreement with Bunge International under which Bunge provides corporate and other administrative services to Bunge International. Total administrative service fees charged to Bunge International in 2001 were \$341 thousand.

Bunge sells soybean meal and fertilizer products to Seara Alimentos S.A., a subsidiary of Bunge International, engaged in the business of meat and poultry production. These sales were \$12 million, \$20 million and \$4 million in 2001, 2000 and 1999, respectively.

15. COMMITMENTS AND CONTINGENCIES

Bunge is party to a large number of claims and lawsuits, primarily tax and labor claims in Brazil, arising in the normal course of business. After taking into account the liabilities recorded for the foregoing matters, management believes that the ultimate resolution of such matters will not have a material adverse affect on Bunge's financial condition, results of operations or liquidity. Included in other non-current liabilities as of December 31, 2001 and 2000 are the following accrued liabilities:

	December 31,	
(US\$ in millions)	2001	2000
Tax claims	\$ 113	\$ 131
Labor claims	76	86
Civil and other	26	19
Total	\$ 215	\$ 236

Tax claims The tax claims relate principally to claims against Bunge's Brazilian subsidiaries, including income tax claims, value added tax claims (ICMS and IPI) and sales tax claims (PIS and COFINS). The determination of the manner in which various Brazilian federal, state and municipal taxes apply to the operations of Bunge is subject to varying interpretations arising from the complex nature of Brazilian tax law as well as changes in tax laws introduced by the *Plano Real* in 1994 and the current Brazilian constitution established in 1988.

Labor claims The labor claims relate principally to claims against Bunge's Brazilian subsidiaries. Court rulings under Brazilian labor laws have historically been in favor of the employee-plaintiff. The labor claims primarily relate to dismissals, severance, health and safety, salary adjustments and supplementary retirement benefits.

Civil and other The civil and other claims relate to various disputes with suppliers and customers.

Bunge has provided guarantees for the payment of long-term loans by our joint ventures. As of December 31, 2001 and 2000 these guarantees totaled approximately \$30 million and \$26 million, respectively.

16. REDEEMABLE PREFERRED STOCK

In December 2000, Bunge First Capital Limited ("First Capital"), a consolidated subsidiary of Bunge, issued 170,000, \$.01 cent par value shares of cumulative variable rate redeemable preferred shares to private investors for \$170 million. First Capital used the proceeds to make loans to subsidiaries of Bunge for their working capital requirements. The results of First Capital are included in Bunge's consolidated financial statements and all intercompany transactions are eliminated. The holders of the preferred shares are entitled to receive cumulative variable rate cash dividends paid quarterly, which is calculated based on three-month LIBOR plus a variable spread. If more than one quarterly dividend is unpaid, and on the occurrence of certain

other events, the preferred shareholders may require First Capital to arrange for the sale of the preferred stock to third parties on behalf of the preferred shareholders based on the issue price plus accrued and unpaid dividends, or take certain other actions to protect the interests of the preferred shareholders.

First Capital has the right to redeem the preferred stock, in whole or in part, for the issue price plus accrued and unpaid dividends.

First Capital is a separate legal entity from Bunge and has separate assets and liabilities. The carrying value of these shares at December 31, 2001 and 2000 was \$171 and \$170 million, respectively, and is reflected in minority interest in the consolidated balance sheets.

17. SHAREHOLDERS' EQUITY

Between July 5, 2001 and July 12, 2001, Bunge's Board of Directors approved: (i) the exchange with Bunge International of 12,000 common shares, par value \$1.00 per share, of Bunge Limited, for 1.2 million common shares, par value \$.01 per share, of Bunge Limited, (ii) the declaration and payment of a 52.65-for-1 share dividend, (iii) an increase in Bunge's authorized share capital to 240 million common shares, par value \$.01 per share, (iv) the authorization of 9,760,000 of undesignated preference shares and (v) the authorization of 240,000 of Series A Preference Shares.

The common shares data presented herein have been restated for all periods to reflect the effects of the share exchange and share dividend above.

On August 6, 2001, Bunge International effected a series of transactions that resulted in the pro rata distribution of the common shares of Bunge to the shareholders of Bunge International. Prior to August 6, 2001, all of the common shares of Bunge were owned by Bunge International, a privately held company incorporated in Bermuda.

On August 7, 2001, Bunge sold 17,600,000 of its common shares, par value \$.01, at an offering price of \$16 per share in an initial public offering. On September 6, 2001, Bunge sold 1,175,100 of its common shares, par value \$.01, at an offering price of \$16 per share upon the exercise of the underwriters' over-allotment option. Proceeds from the offering and the exercise of the underwriters' over-allotment option less underwriting discounts, commissions and expenses were \$278 million. The net proceeds of the initial public offering and the exercise of the underwriters' over-allotment option were used to reduce indebtedness under Bunge's commercial paper program.

Accumulated other comprehensive income (loss) The following table summarizes the balances of related after-tax components of accumulated other comprehensive income (loss):

<i>(US\$ in millions)</i>	Foreign Exchange Translation Adjustment	Deferred Gain (Loss) on Hedging Activities	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 1999	\$ (17)	\$ —	\$ (17)
Other comprehensive income (loss)	(386)	—	(386)
Balance, December 31, 1999	(403)	—	(403)
Other comprehensive income (loss)	(70)	—	(70)
Balance, December 31, 2000	(473)	—	(473)
Other comprehensive income (loss)	(222)	5	(217)
Balance, December 31, 2001	\$ (695)	\$ 5	\$ (690)

18. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of common shares, excluding any dilutive effects of options and performance-based restricted stock during the reporting period. Diluted earnings per share are computed similar to basic earnings per share, except that the weighted average number of common shares outstanding is increased to include additional shares from the assumed exercise of stock options and performance-based restricted stock, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2001, 2000 and 1999.

	Year Ended December 31,		
<i>(US\$ in millions, except for share data)</i>	2001	2000	1999
Income from continuing operations — basic and diluted	\$ 124	\$ 22	\$ 15
Weighted average number of common shares outstanding:			
Basic	71,844,895	64,380,000	64,380,000
Effect of dilutive shares	159,859	—	—
Diluted	72,004,754	64,380,000	64,380,000
Income from continuing operations per share:			
Basic	\$ 1.73	\$.34	\$.23
Diluted	\$ 1.72	\$.34	\$.23

19. STOCK-BASED COMPENSATION

Equity Incentive Plan In 2001, Bunge established the Bunge Limited Equity Incentive Plan (the "Employee Plan"). Under the plan, the Compensation Committee of the Board may award equity-based compensation to officers and other employees. Awards under the plan may be in the form of stock options, restricted stock or other awards. These awards may be granted to selected officers and employees of Bunge subject to the provisions of the plan and as determined by the Compensation Committee of the Board of Directors.

Stock options are granted to purchase shares of Bunge Limited common stock generally at not less than fair value at dates of grant. Options vest on a pro-rata basis over a three-year period on the anniversary date of the grant.

Performance-based restricted shares are granted to a limited number of key executives. These restricted shares are awarded at the beginning of a three-year performance period and vest as they are earned. The restricted stock vesting is dependent on Bunge obtaining certain targeted cumulative earnings per share ("EPS") growth during the three-year period. The targeted cumulative EPS under the plan is based on income per share from continuing operations adjusted for non-recurring charges and other one-time events at the discretion of the Compensation Committee. Vesting may be accelerated in certain situations such as a change in control of Bunge. The actual award is calculated based on a sliding scale whereby 50% of the granted performance-based restricted stock vests if the minimum target is achieved. No vesting occurs if cumulative EPS is less than the minimum target. The award is capped at 150% of the grant for cumulative EPS performance in excess of the maximum target.

Effective upon the completion of Bunge's initial public offering in August 2001, Bunge elected to convert outstanding grants of stock appreciation rights ("SARs") into 921,872 non-qualified stock options at grant prices ranging from \$15.87 to \$18.87. Bunge also converted outstanding grants of phantom units into 322,731 performance-based restricted stock grants.

Non-Employee Directors Equity Incentive Plan In 2001, Bunge established the Bunge Limited Non-Employee Directors Equity Incentive Plan (the "Directors Plan"). The Directors Plan provides for awards of stock options granted to non-employee directors. The options vest and are exercisable as of January 1st following the date of grant assuming the director continued service as a member of the Board of Directors until such date. Vesting may be accelerated in certain situations such as a change in control of Bunge.

Bunge has reserved 4,514,775 shares of common stock for grants of stock options and other stock-based awards under Bunge's Employee and Directors Plans. As of December 31, 2001, 2,054,672 common shares were available for grant under the plans. Bunge's Equity Incentive Plan and Non-Employee Directors Equity Incentive Plan provide that up to 5.0% and 0.5%, respectively, of Bunge's total issued common stock outstanding may be issued pursuant to awards under the plans. Therefore, the number of shares reserved under the plans will increase as the number of Bunge's total issued common stock outstanding increases.

A summary of Bunge's stock option activity and related information is as follows:

	Number of Shares	Weighted Average Exercise Price per Share
Options outstanding at January 1, 2001:	—	\$ —
Granted	2,137,372	16.74
Exercised	—	—
Forfeited	—	—
Expired	—	—
Options outstanding at December 31, 2001 (189,687 exercisable shares)	2,137,372	\$16.74

Information regarding stock options outstanding and exercisable as of December 31, 2001, is as follows:

	Price Range \$15.87 - \$18.87
Options outstanding:	
Number	2,137,372
Weighted average exercise price	\$ 16.74
Weighted average remaining contractual life in years	9.2
Options exercisable:	
Number	189,687
Weighted average exercise price	\$ 18.87
Weighted average remaining contractual life in years	8.4

In accordance with APB No. 25, Bunge recorded compensation expense of \$3 million and \$1 million for the years ended December 31, 2001 and 2000, respectively, for the performance-based awards and certain stock options whose exercise price was less than the market value of the underlying stock on the date of grant.

Pro forma effect of stock compensation plans In accordance with the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, Bunge has elected to continue to account for stock-based compensation using the intrinsic value method under APB Opinion No. 25, *Accounting for Stock Issued to Employees* and FIN 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans*. Accordingly, Bunge does not recognize compensation costs for options issued at the market price at date of grant. If Bunge recognized compensation cost based on the fair value of the options granted on the date of grant, as prescribed by SFAS No. 123, Bunge's net income and earnings per common share would have been reduced to the pro forma amounts as follows:

	2001
<i>(US\$ in millions, except per share data)</i>	
Net income:	
As reported	\$ 134
Pro forma	\$ 131
Earnings per common share:	
Basic — as reported	\$ 1.87
Basic — pro forma	\$ 1.82
Diluted — as reported	\$ 1.86
Diluted — pro forma	\$ 1.82

The fair value of Bunge's options was calculated using the Black-Scholes option-pricing model. The weighted average fair value of options and performance-based awards granted during 2001 was \$8.64. The following assumptions were used for the year ending December 31, 2001:

	2001
Assumptions	
Expected option life (in years)	9.96
Expected dividend yield	.5%
Expected volatility of market price	28%
Risk-free interest rate	5.2%

20. LEASE COMMITMENTS

Bunge routinely leases storage facilities, transportation equipment and office facilities under operating leases.

Minimum lease payments under non-cancelable operating leases as of December 31, 2001 were as follows:

<i>(US\$ in millions)</i>	
2002	\$ 36
2003	31
2004	23
2005	11
2006	7
Thereafter	24
Total	\$ 132

Rent expense under non-cancelable operating leases was \$43 million, \$32 million and \$31 million for 2001, 2000 and 1999, respectively.

21. IMPAIRMENT AND RESTRUCTURING CHARGES

In 2001, Bunge recorded impairment charges of \$14 million relating to non-cash write-downs of property, plant and equipment attributable to the planned closing of older less efficient plants in the edible oil segment. In 2000, Bunge recorded \$49 million of impairment and restructuring charges principally related to the write-downs of certain long-lived assets, including four oilseed processing facilities. The write-downs were taken in response to a downturn in the agribusiness industry and the advancement in technology in certain product lines within the edible oil products segment and the corn products segment.

The charges included \$44 million of non-cash write-down of property, plant and equipment and employee termination costs paid of \$5 million. The carrying value of these assets was written down to their estimated fair value.

22. NON-OPERATING INCOME (EXPENSE) — NET

Non-operating expenses — net consists of income and (expense) items as follows:

	Year Ended December 31,		
(US\$ in millions)	2001	2000	1999
Interest income	\$ 114	\$ 138	\$ 156
Interest expense	(187)	(202)	(166)
Interest expense on debt financing readily marketable inventories	(38)	(52)	(40)
Foreign exchange	(148)	(116)	(255)
Other income (expense)	(4)	7	9
Total non-operating income (expense) — net	\$ (263)	\$ (225)	\$ (296)

In 2001, 2000 and 1999, Bunge paid interest, net of interest capitalized, of \$228 million, \$244 million and \$220 million, respectively.

23. EFFECTS OF THE ARGENTINE DEVALUATION

During the second half of December 2001, the Argentine government suspended all foreign currency trading. In January 2002, the government abandoned the fixed *peso*-dollar exchange rate and created a dual exchange rate system, with a fixed exchange rate of 1.40 *pesos* to the U.S. dollar reserved mainly for trade and government related operations, including Bunge's exports and trade-related loans, and a free market rate for all other transactions. The *peso* free market opened on January 11, 2002. The exchange rate at which significant trades began was approximately 1.65 *pesos* to the U.S. dollar. In accordance with SFAS No. 52, *Foreign Currency Translation*, if exchangeability between two currencies is temporarily lacking at the balance sheet date, the first subsequent rate at which foreign exchange translations could be made will be used for purposes of calculating translation adjustments at the balance sheet date. Included in other comprehensive income (loss) for the year ended December 31, 2001 is a foreign exchange translation

loss of \$71 million representing the translation of Bunge's Argentine assets and liabilities under these dual exchange rates, using the most appropriate rate for each individual asset and liability. Thereafter, the exchange rate fluctuated between 1.60 and 2.07 *pesos* to the U.S. dollar until February 3, 2002 when the Argentine government abandoned the dual exchange rate system and imposed additional foreign currency limitations.

As a result of the Argentine economic crisis, in December 2001, Bunge recorded a \$20 million provision against recoverable taxes from the Argentine government. However, the effect of the Argentine devaluation on Bunge's net income for the year ended December 31, 2001 was minimal.

24. OPERATING SEGMENTS AND GEOGRAPHIC AREAS

Bunge has five reporting segments, which are organized based upon similar economic characteristics and are similar in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods. The agribusiness segment is characterized by both inputs and outputs being agricultural commodities and thus high volume and low margin. The activities of the fertilizer segment include raw material mining, mixing fertilizer components and marketing products. The edible oil products segment involves the manufacturing and marketing of products derived from vegetable oils. The wheat milling and bakery products segment involves the manufacturing and marketing of products derived primarily from wheat. The other segment consists of the soy ingredients and corn products businesses.

The "Unallocated" column in the following table contains the reconciliation between the totals for reportable segments and Bunge consolidated totals, which consists primarily of corporate items not allocated to the operating segments and intersegment eliminations. Transfers between the segments are generally valued at market. The revenues generated from these transfers are shown in the following table as "Intersegment revenues."

Operating Segment Information

<i>(US\$ in millions)</i>	Agribusiness	Fertilizer	Edible Oil Products	Wheat Milling and Bakery Products	Other	Unallocated	Total
2001							
Net sales to external customers	\$ 8,412	\$ 1,316	\$ 922	\$ 530	\$ 304	\$ —	\$11,484
Intersegment revenues	317	—	—	—	18	(335)	—
Gross profit	487	280	91	59	46	—	963
Income from operations	311	187	7	12	29	(19)	527
EBITDA ⁽¹⁾	371	247	28	24	41	(17)	694
Depreciation, depletion and amortization	60	60	21	12	12	2	167
Impairment and restructuring charges	—	—	14	—	—	—	14
Investments in affiliates	15	14	—	—	—	—	29
Total assets	2,745	1,654	383	309	194	158	5,443
Capital expenditures	\$ 69	\$ 114	\$ 28	\$ 12	\$ 7	\$ —	\$ 230
2000							
Net sales to external customers	\$ 6,327	\$ 1,466	\$ 1,019	\$ 527	\$ 328	\$ —	\$ 9,667
Intersegment revenues	213	—	—	—	—	(213)	—
Gross profit	223	238	143	51	28	—	683
Income from operations	91	153	34	10	8	—	296
EBITDA ⁽¹⁾	144	205	50	25	19	2	445
Depreciation, depletion and amortization	53	52	16	15	11	2	149
Impairment and restructuring charges	39	—	5	—	5	—	49
Investments in affiliates	24	22	—	8	—	—	54
Total assets	2,938	1,731	480	286	190	229	5,854
Capital expenditures	\$ 56	\$ 90	\$ 17	\$ 17	\$ 4	\$ —	\$ 184
1999							
Net sales to external customers	\$ 5,517	\$ 605	\$ 1,109	\$ 579	\$ 265	\$ —	\$ 8,075
Intersegment revenues	280	—	—	—	—	(280)	—
Gross profit	203	148	139	85	37	—	612
Income from operations	92	106	41	24	27	(10)	280
EBITDA ⁽¹⁾	138	117	61	35	37	(7)	381
Depreciation, depletion and amortization	46	11	20	11	10	3	101
Investments in affiliates	29	130	—	7	—	—	166
Total assets	2,595	694	431	433	204	254	4,611
Capital expenditures	\$ 74	\$ 16	\$ 39	\$ 7	\$ 4	\$ —	\$ 140

(1) Earnings before interest, taxes, depreciation and amortization ("EBITDA"), equals income from operations plus depreciation, depletion and amortization.

Net sales by product group to external customers were as follows:

<i>(US\$ millions)</i>	2001	2000	1999
Agricultural commodities products	\$ 8,412	\$ 6,327	\$ 5,517
Fertilizer products	1,316	1,466	605
Edible oil products	922	1,019	1,109
Wheat milling and bakery products	530	527	579
Soy ingredient products	81	71	56
Corn products	223	257	209
Total	\$11,484	\$ 9,667	\$ 8,075

Geographic area information for net sales to external customers, determined based on the country of origin, and long-lived assets follows:

<i>(US\$ in millions)</i>	2001	2000	1999
Net sales to external customers:			
United States	\$ 4,565	\$ 5,027	\$ 4,786
Brazil	3,268	3,894	2,904
Argentina	446	542	371
Italy	1,094	—	—
Singapore	1,007	—	—
Rest of world	1,104	204	14
Total	\$11,484	\$ 9,667	\$ 8,075

Long-lived assets^(a):

United States	\$ 485	\$ 489	\$ 489
Brazil	1,318	1,503	1,023
Argentina	57	98	100
Rest of world	4	23	28
Total	\$ 1,864	\$ 2,113	\$ 1,640

^(a) Long-lived assets include property, plant and equipment, net, goodwill and other intangible assets, net and investments in affiliates.

25. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Quarter				
(US\$ in millions, except per share data)	First	Second	Third	Fourth	Total
2001					
Volume (in millions of metric tons)	13.7	17.5	21.7	18.7	71.6
Net sales	\$ 2,472	\$ 2,689	\$ 3,151	\$ 3,172	\$11,484
Gross profit	156	210	333	264	963
Income from operations ⁽¹⁾	74	98	207	148	527
Income (loss) from continuing operations	(4)	23	57	48	124
Discontinued operations ⁽²⁾	3	—	—	—	3
Cumulative effect of change in accounting principle ⁽³⁾	7	—	—	—	7
Net income ⁽⁴⁾	\$ 6	\$ 23	\$ 57	\$ 48	\$ 134
Earnings per common — basic					
Income (loss) from continuing operations	\$ (.06)	\$.36	\$.76	\$.58	\$ 1.73
Discontinued operations	.04	—	—	—	.04
Cumulative effect of change in accounting principle	.11	—	—	—	.10
Net income per share ⁽⁵⁾	\$.09	\$.36	\$.76	\$.58	\$ 1.87
Weighted average number of shares outstanding — basic	64,380,000	64,380,000	75,221,060	83,155,100	71,844,895
2000					
Volumes (in millions of metric tons)	10.8	17.6	16.6	15.0	60.0
Net sales	\$ 2,005	\$ 2,284	\$ 2,711	\$ 2,667	\$ 9,667
Gross profit	94	162	252	175	683
Income from operations	14	54	133	95	296
Income (loss) from continuing operations	(5)	(6)	22	11	22
Discontinued operations	(3)	(1)	(5)	(1)	(10)
Net income (loss) ⁽⁶⁾	\$ (8)	\$ (7)	\$ 17	\$ 10	\$ 12
Earnings per common — basic					
Income (loss) from continuing operations	\$ (.08)	\$ (.09)	\$.34	\$.17	\$.34
Discontinued operations	(.04)	(.02)	(.08)	(.01)	(.15)
Net income (loss) per share	\$ (.12)	\$ (.11)	\$.26	\$.16	\$.19
Weighted average number of shares outstanding — basic	64,380,000	64,380,000	64,380,000	64,380,000	64,380,000
Market price ⁽⁷⁾:					
High	—	—	\$ 18.25	\$ 24.15	
Low	—	—	\$ 15.85	\$ 15.95	

(1) Income from operations for the fourth quarter and the year ended December 31, 2001 includes a \$20 million provision against recoverable taxes from the Argentine government. (See Note 23 of Notes to the Consolidated Financial Statements.)

(2) In the first quarter of 2001, Bunge recorded a \$3 million, net of \$0 million tax, gain on the disposal of discontinued operations. (See Note 4 of Notes to the Consolidated Financial Statements.)

(3) Effective January 1, 2001, Bunge adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. As a result of this adoption, Bunge recorded income of \$7 million, net of \$4 million tax, for the fair value of previously unrecognized derivative instruments. (See Note 1 of Notes to the Consolidated Financial Statements.)

(4) Net income for the fourth quarter and the year ended December 31, 2001 includes a charge of \$14 million, \$7 million after tax and minority interest, of impairment and restructuring charges principally related to the write-down of certain long-lived assets. (See Note 21 of Notes to the Consolidated Financial Statements.)

(5) Net income per share is computed independently for each period presented. As a result, the sum of net income (loss) per share for the year ended December 31, 2001 does not equal the total computed for the year.

(6) Net income for the fourth quarter and the year ended December 31, 2000 includes a charge of \$49 million, \$23 million after tax and minority interest, of impairment and restructuring charges principally related to the write-down of certain long-lived assets. (See Note 21 of Notes to the Consolidated Financial Statements.)

(7) Prior to the August 2, 2001 initial public offering, Bunge's common shares were not publicly traded. Bunge's common shares are listed on the New York Stock Exchange under the symbol "BG."

26. SUBSEQUENT EVENTS

On February 22, 2002, Bunge paid a quarterly cash dividend of \$.095 per share to shareholders of record on February 8, 2002.

Five-Year Summary of Selected Financial Data

	Year Ended December 31,				
(US\$ in millions, except volumes, share data and employees)	2001	2000	1999	1998	1997
CONSOLIDATED SUMMARY OF OPERATIONS					
Volumes (in millions of metric tons)	71.6	60.0	40.8	36.8	23.6
Net sales	\$ 11,484	\$ 9,667	\$ 8,075	\$ 9,103	\$ 7,484
Impairment and restructuring charges	14	49	—	—	—
Income from operations	527	296	280	296	120
Income from operations as a percentage of net sales	4.6%	3.1%	3.5%	3.3%	1.6%
Interest, net	(73)	(64)	(10)	124	38
Interest on debt financing readily marketable inventories	(38)	(52)	(40)	(36)	(12)
Foreign exchange	(148)	(116)	(255)	(236)	(49)
Other income (expense)	(4)	7	9	28	42
Income (loss) from continuing operations before income tax and minority interest	264	71	(16)	176	139
Income tax (expense) benefit	(68)	(12)	27	(43)	(38)
Income from continuing operations before minority interest	196	59	11	133	101
Minority interest	(72)	(37)	4	(33)	(3)
Income from continuing operations	124	22	15	100	98
Discontinued operations, net of tax	3	(10)	(20)	(8)	(2)
Extraordinary item — loss on early extinguishment of debt	—	—	—	—	(13)
Cumulative effect of change in accounting principle, net of tax	7	—	—	—	—
Net income (loss)	\$ 134	\$ 12	\$ (5)	\$ 92	\$ 83
Basic earnings (loss) per share:					
Income from continuing operations	\$ 1.73	\$.34	\$.23	\$ 1.55	\$ 1.52
Discontinued operations	.04	(.15)	(.31)	(.12)	(.03)
Extraordinary item	—	—	—	—	(.20)
Cumulative effect of change in accounting principle	.10	—	—	—	—
Net income (loss) per share	\$ 1.87	\$.19	\$ (.08)	\$ 1.43	\$ 1.29
YEAR END FINANCIAL POSITION					
Operating working capital ⁽¹⁾	\$ 952	\$ 920	\$ 326	\$ 417	\$ 18
Readily marketable inventories ⁽²⁾	764	799	642	692	779
Property, plant and equipment, net	1,669	1,859	1,268	1,584	1,587
Total assets	5,443	5,854	4,611	5,814	6,092
Adjusted net financial debt ⁽³⁾	844	1,242	824	804	191
Long-term debt, including current portion	1,010	1,257	1,121	1,210	1,735
Minority interest in subsidiaries	493	543	183	346	430
Shareholders' equity	\$ 1,376	\$ 1,139	\$ 1,197	\$ 1,495	\$ 1,453
OTHER FINANCIAL DATA					
Weighted average shares outstanding — basic	71,844,895	64,380,000	64,380,000	64,380,000	64,380,000
Return on shareholders' equity ⁽⁴⁾	10.4%	1.9%	1.1%	6.8%	6.0%
Current ratio	1.4	1.2	1.1	1.2	1.4
Adjusted net financial debt to shareholders' equity plus minority interest	.45	.74	.60	.47	.10
EBITDA ⁽⁵⁾	\$ 694	\$ 445	\$ 381	\$ 440	\$ 198
Adjusted EBITDA ⁽⁶⁾	656	393	341	404	186
Depreciation, depletion and amortization	167	149	101	144	78
Capital expenditures, excluding acquisitions	\$ 230	\$ 184	\$ 140	\$ 279	\$ 226
Number of employees	17,360	18,098	14,860	15,406	13,738

(1) Operating working capital equals current assets (excluding cash and cash equivalents, marketable securities and readily marketable inventories) less current liabilities (excluding short-term debt and current maturities of long-term debt).

(2) Readily marketable inventories are agricultural commodities inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms.

(3) Short-term debt, current maturities of long-term debt and long-term debt less cash and cash equivalents, marketable securities and readily marketable inventories.

(4) The calculation of return on shareholders' equity is based on the average shareholders' equity for the year. The net income (loss) used in the calculation excludes discontinued operations, net of tax.

(5) Earnings before interest, taxes, depreciation and amortization ("EBITDA"), equals income from operations plus depreciation, depletion and amortization.

(6) EBITDA less interest expense on debt financing readily marketable inventories.

COMMON STOCK MARKET PRICES AND DIVIDENDS

The Company's common shares are traded solely on the New York Stock Exchange, under the symbol BG, and commenced trading on August 2, 2001.

The following table presents, for the periods indicated, the high and low market prices of the common stock and common stock cash dividends.

Fiscal 2001 — Quarter Ended	Market Price		Cash Dividends Per Share
	High	Low	
September 30 (from August 2, 2001)	\$ 18.25	\$ 15.85	\$ —
December 31	\$ 24.15	\$ 15.95	\$.095

The number of shareholders of the Company's common stock at December 31, 2001 was 3,375. The Company expects to pay regular cash dividends, although there is no assurance as to future dividends because they are dependent on future earnings, capital requirements and financial condition.

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Susanna Ter-Jung
Assistant General Counsel
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BOARD OF DIRECTORS

Alberto Weisser
Chairman of the Board

Jorge Born Jr.
Deputy Chairman

Ernst Bachrach
Enrique Boilini
Michael Bulkin
Octavio Caraballo
Francis Coppinger
Bernard de La Tour d'Auvergne Lauraguais
William Engels
Carlos Braun Saint
Ludwig Schmitt-Rhaden



STOCK LISTING

New York Stock Exchange
Ticker Symbol: BG

TRANSFER AGENT

Mellon Investor Services
One Mellon Bank Center
500 Grant Street — Suite 2122
Pittsburgh, Pennsylvania 15258-0001
United States

INVESTOR INFORMATION

Copies of the company's annual report filed with the Securities and Exchange Commission (SEC) on Form 20-F and other SEC filings, can be obtained free of charge on our web site at <http://www.bunge.com> or by contacting our Investor Relations Department at Bunge Limited, 50 Main Street — 6th floor, White Plains, New York 10606.

ANNUAL MEETING

The annual meeting will be held on May 31, 2002 at 10 a.m. at Le Parker Meridien Hotel, 118 West 57th Street, New York, NY. See the proxy statement for additional information.

INDEPENDENT AUDITORS

Deloitte & Touche, Hamilton, Bermuda

WEB SITE

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